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# CREDIT WORLD

*The Official Organ of the* NATIONAL RETAIL CREDIT ASSOCIATION



The Federal Reserve Board's stand on the question of speculative loans is sound. Bankers appear to have forgotten commercial business in order to make speculation a preferred creditor in our Gold Reserve and we have expanded investment loans to a degree which requires our most serious thought in order to prevent any serious injury to our Credit system.

*A. J. Woodlock*

VOL. XVII—No. 9

MAY 1929

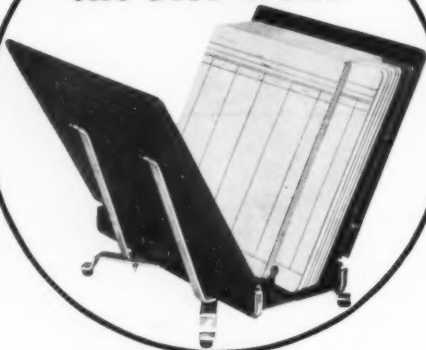


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10. Are sheets at an upset angle on rack for posting?
11. Is binder best suited for side or bottom punched sheets?
12. Do sheets for this binder slide into machine chute easily?
13. Do any posts or locking devices protrude beyond binder covers?
14. What device holds sheets in binder when locking mechanism is open?
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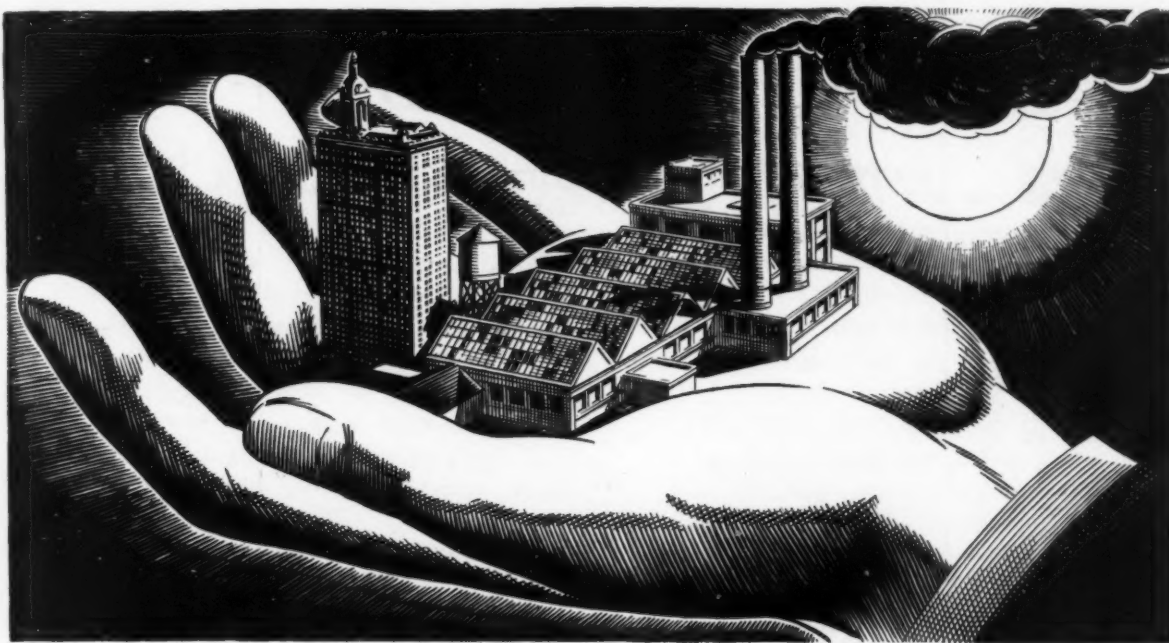
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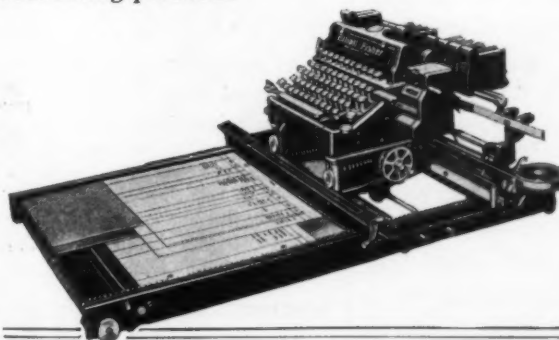
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# THE CREDIT WORLD

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OF THE

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# Cleveland Takes Lead

**S**INCE 1915, the Associated Retail Credit Men of St. Louis have been the outstanding local organization of the National Retail Credit Association because of leading all others in the number of members. During the past few years several cities threatened to take the honors from St. Louis, but did not succeed, and many thought it impossible to surpass the record of our National Headquarters city.

But now comes Cleveland, one of the first cities of the country to organize for credit protection, and when the fiscal year of the National Retail Credit Association ended on April 30, 1929, the Cleveland Retail Credit Men's Company showed a national membership of one thousand and one, passing St. Louis by over one hundred members.

The victory is well deserved. Cleveland has for years been an example of perfect credit co-operation, and its merchants have whole-heartedly supported the building of one of the country's most efficient reporting bureaus. Its Credit Managers have been leaders in the building of the National Association; four have been Directors of the National, W. J. Schmuse, W. Slater, G. C. Driver and Wm. H. Gray. Two National Conventions have been held in that city, both outstanding. We recall that tense moment at our Houston Convention, when because of the trouble and detail of handling



WM. H. GRAY

a National Convention, no local Association was anxious to extend an invitation for the next meeting, and that old war horse of credit, Giles C. Driver, of the May Company, rose to his feet waving telegrams from his firm and all the business interests of Cleveland, inviting us to meet in that city for the second time in five years.

One of the outstanding factors in the developing of the Cleveland organization is Wm. H. Gray, Manager and Secretary of the Cleveland Retail Credit Men's Company, [who took charge of the organization when it was in a chaotic condition and heavily in debt. There was much doubt as to its success, but he builded well and never for a moment did he overlook the importance of being a unit of the National Organization. His doctrine has been "If Credit Co-operation is Good Locally, It's Good Nationally, and I will support both 100 per cent.

The Officers and Directors of the National Retail Credit Association salute Cleveland as the new leader of our Local Associations. We compliment the officers and members of the Cleveland Retail Credit Men's Company and the retailers of that great city, large and small, because of their success in establishing in Cleveland a Community Credit Policy so essential under modern merchandising conditions.



# Applied Co-operation Necessary to Maintain Stability of Credit Extension

By R. EARLE KLOTTEN, Mgr., Courtland Credit Service, Courtland, N. Y.

THE subject of Credits and Collections is as old as this planet, nevertheless, it is a timely topic of international importance. You can look about you and find yourselves living in an age of efficiency. Every business and every profession that you know about has kept step with the needs of time, except the business of credit extension. This was referred to as a necessary and unavoidable evil, but this viewpoint is rapidly changing. Now it is being said with challenging frankness, that if everything else in the world can be made to meet the needs of man, there is no good reason why the extension of credit should be exempt.

We can appreciate the great part credit plays in business, when we reflect that the total store of money in the United States is a little less than nine billion dollars, and of this sum only about five billion dollars is circulated annually. It is estimated that a volume of from four hundred billion to eight hundred billions of dollars of business is transacted on this circulation each year. You can therefore readily appreciate that through the use of credit in various forms, each dollar in circulation in this country does the work of one hundred or two hundred dollars.

In the first place, I shall endeavor to define credit. In economics, credit is the postponement agreed on by the parties of the payment of a debt to a future day. It implies confidence of the creditor in the debtor; and a credit system is one of general confidence of the people, in each other's honesty, solvency and resources. It is indispensable for every good system of credit, that the money must be instantly available when re-

quired. This principle applies to every species of transaction where postponed payment is concerned.

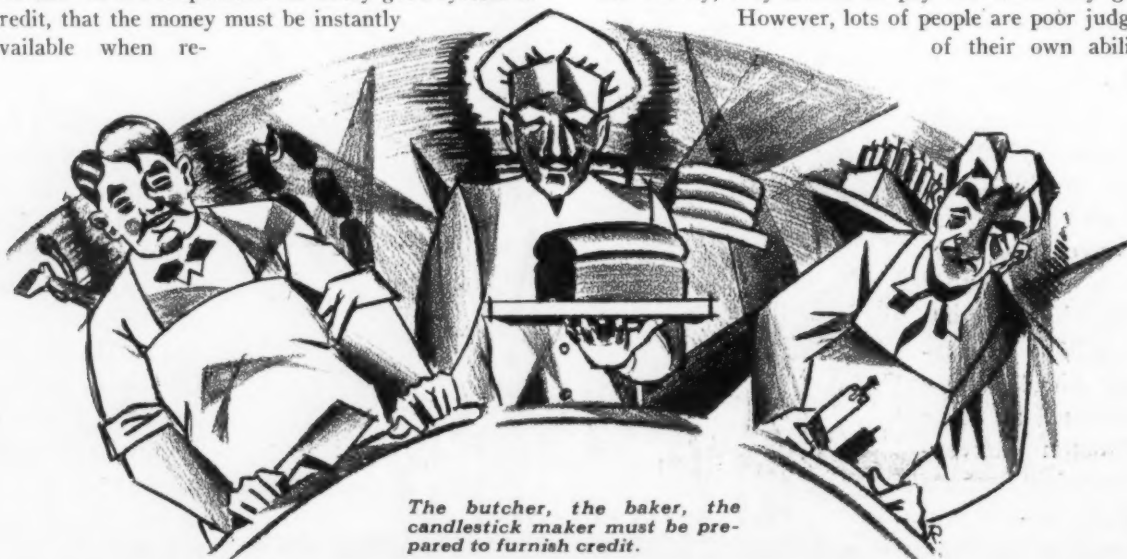
Credit is a universal necessity as vital to the hard working clerk, artisan or laborer on small salary or wages, as to the large corporations to whom it is indispensable.

Credit is not alone one's ability to pay, you may be wealthy and yet have no credit; credit is the willingness to pay promptly, therefore the thing that counts is, keeping faith with those who trust you. Paying promptly, whether it be debts or taxes, is one of the essentials of good citizenship. Credit value is real, it is a part of you, but it is up to you to bring out the fact.

Credit is always good, but not all applicants can produce it. Less than five per cent of the adult population possess collateral which would be accepted by the banks as security for loans. Many have references, but these are usually worthless, because a customer will not refer you to a merchant whom he owes; and besides, there never was and there never will be, a single individual who set out deliberately to defraud his creditors, but that kept one or two merchants whom he paid religiously. These he always uses as references.

Some persons regard credit as the equivalent to charity, while in reality, it is intended as an accommodation and a courtesy. On the other hand, the greater number of credit applicants demand the privilege of carrying their own burdens. They are not asking for charity, they intend to pay for what they get.

However, lots of people are poor judges of their own ability



*The butcher, the baker, the candlestick maker must be prepared to furnish credit.*

to pay, and since charity is out of the question for most of this class of needy, the obvious recourse is to legitimate credit. Accordingly this large majority, in an emergency such as sickness, death in the family, unemployment or other unforeseen need for money, must seek credit accommodations. But where? The butcher, the baker, the candlestick maker, all must be prepared to furnish the credit, not promiscuously, but intelligently.

No elaborate reasoning is required to show the great need existing for credit granting. If more than ninety per cent of the adult population are unable to borrow from banks, it is apparent that there must be some alternative credit accommodation for them. Economists, business and professional people are devoting themselves seriously to the question of devising an adequate system of credit granting.

The average merchandising volume in this country is two hundred million dollars a day, and eighty-seven per cent of this total volume is done on credit. This brings us face to face with the fact, a credit manager must be capable of coping with many difficult problems, one of the most important of which is: What can people afford? The incurring of liabilities is more or less easy in this age of installment selling of labor saving devices for the home, which may be purchased on a small down payment and a mortgaged future income.

Installment sales have brought a great blessing to the American people. There are many who will not agree with this statement, but the fact remains, drudgery has been taken out of housework, the automobile has brought to the door of practically every wage-earner the broadening influence of travel and the interchange of ideas. Automobiles are sold on the deferred payment plan and a great percentage of these accounts are paid promptly. Why? Because there is a definite understanding with the customer as to terms of payment at the time purchase is made. The average account is not paid when you expect it to be paid because the average customer has no idea when you expect your money. Please do not misunderstand me; not all who have automobiles are entitled to them, as witnessed by the frozen assets on the books of nearly every business and professional man.

Whether wholesale or retail, the functions of a credit department are the same. The first duty is to promote good will, by building up for its house a clientele of regular, worth-while patrons; second, to facilitate sales by administering its affairs with as strict economy as is consistent with the proper granting of credit, and by keeping a close watch on the accounts receivable, insisting on prompt and regular



R. EARLE KLOTTON

payments. When credit is granted on the strength of references alone, there is no knowledge at all of any unpaid accounts the party owes. Credit cannot be safely granted on sentimental grounds, or as a personal or business favor, because many of them realizing they are responsible, consider they may delay payments to suit their own convenience. To intelligently pass on the moral hazard of an applicant, his resources and his paying habits must be known.

Inasmuch as credit when properly extended, serves the convenience of shoppers, enables them to obtain things when most needed, places the store in a position to gauge its own purchasing and financial policies more accurately than if depending solely upon cash customers, it is indeed a thoroughly sound and justifiable economic institution. Not only is credit extension respectable, but it is being made scientific. What I mean is this: the business of granting credit to people who have not resources, must necessarily be granted intelligently, as the risk of a loss is more imminent; the expense of the transaction is necessarily larger, and the personal element of the moral risk is often wanting.

It is well to remember the real value of an account is not so much the amount purchased as it is the promptness with which it is settled; therefore the credits on the books of the retail merchant who is the last link in the chain of distribution, must be kept in a healthy condition if the prosperity of this country is to continue as it is now. Why cling to old methods? In some sections of China the water supply of a town is carried in wooden buckets on the shoulders of women—a method as old as the Chinese race. Good enough centuries ago, but today there are better methods, easier and more efficient. Credit extension is the same. Time was when the merchant knew every one of his customers personally, knew their families, their incomes, their expenses; but now, with the ever shifting population, the advent of installment - selling and the chain



*In China, water is still carried in wooden buckets by women.*

store, both of which are here to stay, it is necessary for the credit granter to secure full information regarding every applicant for credit, and if he is to perform his work intelligently, he must procure his information from a properly organized and adequately financed credit bureau.

In the year 1912 the National Retail Credit Association, then known as the Retail Credit Men's National Association, was organized in an attempt at a scientific solution of the problem of supplying credit information on an equitable basis. The member bureaus (now numbering over 1,000) receive the appreciation of the business public, in that their functions of supplying a necessary and vital service to their communities, is a protection that cannot be measured in dollars and cents.

Now we come to the question of tangible civic results of proper credit supervision through efficient credit bureau management. Besides the splendid moral influence in a community, it reaches into the home life of every single individual and aids the worthy to secure due credit consideration, and spots the unworthy, by checking his further prey on legitimate business.

The industries of the country are playing no small part in the creating of desirable and stable citizens. Aside from aiding their communities from the standpoint of wages paid, the record of employment is value: the length of time employed; reliability; mechanic; laborer; amount of wages, etc. These are vital factors in the extension of credit. On the other hand, the industry benefits, by co-operating with reliable credit reporting bureaus, they are keeping employees reasonably out of debt, are lowering the percentage of labor turn-over and creating more efficient workers.

The credit bureau is a mutual, protective, community enterprise; therefore all credit granters should deposit their information, and clear all new accounts through this one channel, the central office for the recording and dissemination of credit information. Here the ratings are impartial and pertinent, reflecting at all times the true credit status and paying habits of individuals. In handling these ratings and trade clearances, it is absolutely necessary that the bureau and each user of bureau service exert the utmost care. The necessity for promptness, diligence and courtesy

being apparent, it may be fitting to add, applied co-operation, confidential treatment of all credit information, and a fraternal working arrangement as regards credit accounts, will stabilize the national credit situation and materially aid in the elimination of undesirable risks.

The workability and efficiency of credit bureaus as a solution of the problem of supplying credit information has been demonstrated. If this is thoroughly realized, it must constitute a challenge to the communities who are not thus protected. In those communities which have failed to adopt modern credit bureau service, many abuses persist, and the credit granters are left unprotected from the skip and dead-beat. Therefore, there must be protection, and there must

be a charge commensurate. The cost of producing any commodity or the rendering of any service is the determining factor in fixing its cost to the consumer, customer or client. This is as true of credit service as of yard-goods, shoes or other merchandise. When the business public has fully realized this and can visualize the scope of credit in the affairs of the country, the remedy (in the form of bureau subscription or membership) will be applied, then the protection afforded will be more thoroughly understood.

It has been said, eighty-five per cent of the retail credit losses of the country are attributed to unwise credit extension and inefficient collection management. When an individual

becomes loaded with debts beyond his power to pay, it tends to wreck him morally; destroys his buying power and makes him no longer a useful citizen in any community. All individuals are born free, equal and honest; but once in the stream of pledged incomes, it is not easy to extricate one's self from the engulfing current. When a man becomes heavily involved, then has a set-back, such as illness in the family or through other causes over which he has no control, he is sometimes at a loss to know the way out, hence the prevalence of bankruptcies. After claims are received for adjustment, and no results obtained by the usual collection procedure, investigations by the collection departments of credit bureaus often reveal situations of this nature. These can in a measure be remedied through pooled accounts and budgeted incomes.

Turn to page 31, please



*Lots of people are poor judges of their ability to pay.*

# Why a "Physicians' Credit Bureau?"

By FRANK E. PARKER, Vice-President and General Manager,  
Merchants Credit Bureau, Detroit, Mich.

**I**N an article headed, "Wanted: Idea for Physicians' Credit Bureau," published in the Medical Pocket Quarterly, it starts out to quote a statement that the writer has heard at every National Convention of Credit Men and Bureau Managers, that "90% of the general public are honest." This naturally is determined by the percentage of losses that have to be charged off annually by merchants. It is significant to note, however, that according to the best available statistics that in cities and communities where there is no organized effort to reduce their losses through the operation of one centralized bureau of information, the average losses are close to five per cent. In cities, such as Detroit, where the merchants own and control their own Credit Bureau, and which is depended upon by practically every reliable business house in the city, these losses are reduced to less than one per cent and the largest houses are now setting up a reserve for losses of but one-half of one per cent and their actual losses run about one-fourth of one per cent.

The idea of a Credit Bureau for groups has been tried and found wanting in most every line of business. It is a dangerous practice and particularly where purchases by the same individual have long intervals between purchases in that group. For example: The retail coal dealers have tried it out. They have found in many cases that have been brought to our attention, where a purchaser of coal may have paid his bills and had a good record with his dealer last winter. Then, five or six months later, after the summer period, he decides he will try someone else's coal. His new dealer had available simply the good record he made with the other dealer the previous year and extended credit upon that basis.

In the meantime, however, this man had acquired a very bad record and was an undesirable credit risk with other merchants. They had protected themselves due to the information from the general bureau, but the new coal dealer had no knowledge of his late transactions, hence was "stuck."

I could go on at great length and give many actual instances of this kind but space forbids. The same

thing, however, is perfectly true with various other groups who are now individual members of the Merchants Credit Bureau.

As to the physicians, and this is the thing that might hurt, the experience of the Bureaus with them has been so unsatisfactory that they have been cited as almost an undesirable class of membership in the Bureaus. The reasons for this naturally do not apply to every physician, as credit is due to a good number of them who are recognizing these facts and who are members of the Merchants Credit Bureau and who could not be induced to try any other plan.

There seems to be an old tradition that it is beneath the dignity of a professional man to conduct the business end of his profession like other business men. We have known physicians who made the statement that they did not send out statements on their accounts but twice a year.

This has been so general

that we can hardly blame the public, who are pressed by other obligations in giving them the preference when they have money to distribute. They have been led to believe that they could take their own good time in paying a physician's bill simply by the physicians' own methods. Then when a physician starts in to send out his bills, when his service is completed the same as a store when it delivers its merchandise, and follows it up with a monthly statement, he takes a



*"The family which always pays the grocer promptly will stick the doctor's bill on the 'spike' and forget it for six months."*

chance of losing the goodwill of his patient who represents receiving a statement from the physician, but takes it as a matter of course in receiving a "dun" from a merchant.

The article to which I have referred to states: "The family which always pays the grocer promptly on the fifth of the month will stick the doctor's bill on the 'spike' and forget it for six months." I think I have given the reason for this. The cure for this, however, is for the physicians to get together and agree that "business is business" and if a man owes them money, they have a perfect right to ask for it when it is due and expect its payment. Then, let the Merchants Credit Bureau act upon their delinquent accounts, the same as it would for any other member. By this I mean, if one of our merchant members turns in a derogatory report, every other member who may be interested in that individual, as shown by their inquiries or reports of accounts opened with him, is immediately notified. The creditor holding the delinquent account immediately has over a thousand other members bringing pressure to bear upon the debtor by declining to extend credit to him as long as the Bureau shows that he does not pay his honest bills with another member.

The reason that the files of a credit bureau do not, as a rule, give a record of the individual's "method of paying bills for physician's services" is that the physicians themselves, as a rule, will not record this information as the merchant does.

The same danger of depending upon a group credit bureau applies even to a greater extent with the Physicians' Credit Bureau than in the case cited with the coal dealers. Naturally the physician's customer wants to make his contact with his physician, from a professional standpoint, with the longest possible time intervening. Therefore, from the time that one physician may have reported on an individual, I think I am safe in saying that the average would be about a year until some other physician had to check-up on his record, a great deal could happen to alter that individual's liability which would not be known except in the general bureau.

Reference was made as to the possibility of one physician ascertaining from the Bureau who another



*A majority of the Medical profession are susceptible to high powered collection agency salesmen.*

physician is serving: This is an absolute impossibility and one who would investigate the modern equipped Bureau could see in a moment why a Bureau Manager considers such an inference as ridiculous.

Later on in the publication referred to, there is another article on the subject of collections. It is easy to be seen that operating through a general Bureau there will be a marked decrease in collection troubles because of the fact mentioned, that other members do not desire to open accounts whenever there is a delinquent account showing with another member. This automatically forces in a great many delinquent accounts that would otherwise run indefinitely, and without any cost of collection.

However, all of the leading Bureaus are operating the largest collection agencies in their several cities, with attorneys at full time on their staff, giving their entire attention to the handling of their members' accounts. It needs no explanation in stating that this department's access to the credit files affords an asset in the collection of accounts that cannot be obtained with any other agency.

Another criticism of the physicians, which is quite general among Bureau Managers is that there is no group that are more susceptible to high powered collection agency salesmen of all descriptions than they are. There seems to be no effort to analyze so-called collection contracts before they sign them, and, incidentally, any Bureau with a legal department will make a free analysis of any such contracts for its members. As a result there is scarcely a week that our office does not get an inquiry from some physician as to how he can get the accounts out of the hands of some agency to which he has turned them over, how he can get back the money some entirely irresponsible agency has collected on his accounts, and unfortunately but sometimes possibly gratifyingly, we have to advise them, there is nothing we can do and they had better charge it up to experience as they have signed a contract which gives the agency a right to hold the accounts turned over to them indefinitely.

Then he most likely finds that he has agreed to pay a so-called "docket fee," which no Bureau charges,

*Turn to page 31, please*

# Explanation of Legal Process in the Collection of Accounts

By W. D. WOOLEY, Counsel, Credit Service Exchange, Tulsa, Okla.

Knowledge a credit-man should have of the laws affecting retail credit.

A. It is suggested the credit men should procure a good text book upon the law of sales and also contracts.

"A" buys furniture on the installment plan. He pays for a while according to contract and then defaults. By what legal process can the store collect the balance?

A. Can file straight suit for unpaid balance.

B. Can replevin property under certain conditions.

C. Can foreclose as in chattel mortgage.

Is it lawful to break into the buyer's house to take back property sold on conditional sales contract in case of default?

A. It is never lawful for an individual to break into any house under any circumstances. An officer with *proper authority* from competent court would have a right to break into the buyer's house, using no more force in gaining entrance than absolutely necessary.

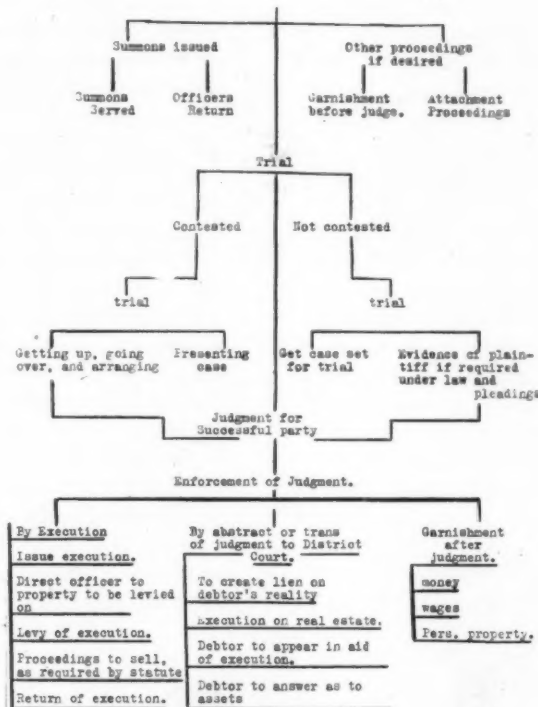
## REPLEVIN.

A. *Replevin*. The plaintiff in an action to recover the possession of specific personal property, may, at the commencement of the suit, or at any time before answer, claim the immediate delivery of such property, as provided herein.

B. *Affidavit for Delivery*. An order for the delivery of property to the plaintiff shall be made by the clerk of the court in which the action is brought, when there is filed in his office an affidavit of the plaintiff, his agent or attorney, showing:

1. A description of the property claimed.
2. That the plaintiff is the owner of the property, or has a special ownership or interest therein, stating the facts in relation thereto, and that he is entitled to the immediate possession of the property.
3. That the property is wrongfully detained by

## File Bill of Particulars or Petition



the defendant.

4. That it was not taken in execution on any order or judgment against said plaintiff, or for the payment of any tax, fine or amercement assessed against him, or by virtue of an order of delivery issued under this article, or any other mesne or final process issued against said plaintiff.

5. If taken in execution, or on any order or judgment against the plaintiff, that it is exempt by law from being so taken.

6. The actual value of the property. When several articles are claimed, the value of each shall be stated as nearly as practicable.

## ATTACHMENT.

A. *Grounds for Attachment*. The plaintiff

in a civil action for the recovery of money may, at or after the commencement thereof, have an attachment against the property of the defendant, and upon the grounds herein stated:

1. When the defendant, or one of several defendants, is a foreign corporation, or a non-resident of this state, (but no order of attachment shall be issued on the ground or grounds in this clause stated for any claim other than a debt or demand arising upon contract, judgment or decree, unless the cause of action arose wholly within the limits of this state, which fact must be established on the trial).
2. When the defendant, or one of several defendants, has absconded with intention to defraud his creditors.
3. Has left the country of his residence to avoid the service of summons.
4. So conceals himself that a summons cannot be served upon him.
5. Is about to remove his property, or a part thereof, out of the jurisdiction of the court, with

the intent to defraud his creditors.

6. Is about to convert his property, or a part thereof, into money, for the purpose of placing it beyond the reach of his creditors.

7. Has property or rights in action, which he conceals.

8. Has assigned, removed or disposed of, or is about to dispose of, his property, or a part thereof, with the intent to defraud, hinder or delay his creditors.

9. Fraudulently contracted the debt, or fraudulently incurred the liability or obligations for which the suit is brought, to be or has been brought.

10. Where the damages for which the action is brought are for injuries arising from the commission of some felony or misdemeanor, or the seduction of any female.

11. When the debtor has failed to pay the price or value of any article or things delivered, which by contract he was bound to pay upon delivery.

**B. Attachment Affidavit.** The order of attachment shall be issued by the clerk of the court in which the action is brought, in any case mentioned in the preceding section, when there is filed in his office an affidavit of the plaintiff, his agent or attorney, showing:

1. The nature of the plaintiff's claim.

2. That it is just.

3. The amount which the affiant believes the plaintiff ought to recover.

4. The existence of some one of the grounds for an attachment enumerated in the preceding section.

**C. Attachment Bond.** The order of attachment shall not be issued by the clerk until an undertaking on the part of the plaintiff has been executed by one or more sufficient sureties, approved by the clerk and filed in his office, in a sum not less than double the amount of the plaintiff's claim, to the effect that the plaintiff shall pay to the defendant all damages that he may sustain by reason of the attachment, including reasonable attorney's fees, if the order be wrongfully obtained; but no un-

dertaking shall be required where the party or parties defendant are all non-residents of the state, or a foreign corporation, or the State of Oklahoma is the party plaintiff.

6. Legal procedure in the collection of open retail accounts.

A. This question can be answered in the same manner as question number one, herein the same procedure being used in the collection of open retail accounts as in other accounts.

7. Explanation of Suit, Judgment, Execution, Supplementary Proceedings and Garnishment.

A. The filing of petition or bill of particulars and the issuance of summons constitutes filing a suit.

B. A judgment is a decision of the court or jury at the termination of hearing the case.

C. Execution is a process issued by the court and placed in the hands of an officer for the levy upon property to satisfy a judgment already obtained.

D. Supplementary proceedings are garnishment, aid of execution in order to appear to disclose assets.

E. Garnishment can be had either before or after judgment and can consist to a note directed to a third party who holds funds of the defendant, required him to hold funds subject to the order of court.

Sec. 6614 C. O. S. 1921.

9. HUSBAND BOUND FOR NECESSARIES.

If the husband neglect to make adequate provision for the support of his wife, except in the cases mentioned in the next section, any other person may, in good faith, supply her with articles necessary for her support and recover the reasonable value thereof from the husband.

Sec. 6615 C.O.S. 1921.

**SAME: EXCEPTIONS:**

A husband abandoned by his wife is not liable for her support until she offers to return, unless she was justified by his misconduct in abandoning him; nor is he liable for her support when she is living separate from him, by agreement, unless such support is stipulated in the agreement.

Sec. 6607 C.O.S. 1921.

**DUTY TO SUPPORT.**

The husband must support himself and his wife out of his property or by his labor. The wife must support the husband when he has not deserted her, out of her



Various means are used to conceal oneself so that a summons cannot be served

separate property when he has no property and he is unable from infirmity to support himself.

10. "D" and his wife are separated. The separation, however, is known to the store where she has an account. She buys clothing for herself and children more liberally perhaps than usual and the charges are accepted without question because of past experience. Can the store collect from the husband?

A. Same as Law Number 9.

Williams vs. Williams, 229 Pac. 797.

The court said, "It is not only the duty, but every husband is bound to maintain and support his wife when she has no means for her support independent of that of her husband, and independent of the alimony statute she may enforce this duty either at common law or under Sections 6605, 6606 and 6607, C. S. 1921, and when she lives apart from her husband without fault, she may contract for necessities and have the same charged to his credit or account and for which he will be compelled to make compensation.

B. Perry vs. Myers, 259 Pac. 556.

1. If a husband or parent neglects to make adequate provision for the support of his wife, or children who are in his charge, according to his circumstances, a third person may, in good faith, supply such necessities and recover the reasonable value thereof from such husband or parent.

2. In order to recover the value of certain merchandise furnished the wife as necessities, in the absence of promise on the husband's part to pay therefor, it is necessary to allege and show that the husband had neglected to supply her with the articles necessary for her support.

3. If the husband performs his duty to his family in the matter of providing for their support and maintenance, and gives notice to tradesmen not to sell to his wife on his account, he is not liable for goods, which they sell her.

11. Guaranteed Accounts. The enforcement of the guaranty.

Sec. 5123 C.O.S. 1921.

A. *Guaranty Defined.*

A guaranty is a promise to answer for the debt, default or miscarriage of another person.

Sec. 5125 C.O.S. 1921.

B. *Consideration.*

Where a guaranty is en-

tered into at the same time with the original obligation, or with the acceptance of the latter by the guarantor, and forms, with that obligation, a part of the consideration to him, no other consideration need exist. In all other cases there must be a consideration distinct from that of the original obligation.

Sec. 5126 C. O. S. 1921.

C. *A Guaranty Must Be In Writing.* Except as prescribed by the next section, a guaranty must be in writing, and signed by the guarantor; but the writing need not express a consideration.

12. "A" guarantees payment for goods that "B" may buy from "C" not exceeding \$300.00. This is the exact language of his guarantee. Goods to the amount of \$300.00 were purchased by "B" and paid for. Later "B" purchased other goods which were not paid for and when the store demanded payment of "A" he disclaimed responsibility. Can the store collect from "A"?

Sec. 5138 C. O. S. 1921.

A. *Continuing Guaranty.* A guaranty relating to a future liability of the principal, under successive transactions, which either continues his liability or from time to time renews it after it has been satisfied, is called a continuing guaranty.

Sec. 5139 C. O. S. 1921.

B. *Revocation of Continuing Guaranty.* A continuing guaranty may be revoked at any time by the guarantor, in respect to future transactions, unless there is a continuing consideration as to such transactions which he does not announce.

13. Bad cheques. "A" sends "B" a bad cheque in payment of an overdue account. Can "A" be prosecuted under the law?

Session Laws 1923.

A *Bogus Checks.* Every person who, with intent to cheat and defraud, shall obtain or attempt to obtain from any person, firm or corporation, any money, property, or valuable thing, of the value of twenty (20.00) dollars, or less, by means or by use of any trick or deception, or false or fraudulent representation, or statement or pretense, or by any other means or instrument or device commonly called the "confidence game," or by means or use of any false or bogus checks, or by any other written or printed or en-



"The Confidence Game"

graved instrument or spurious coin, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not to exceed one hundred (\$100) dollars, or by imprisonment in the county jail for not more than thirty (30) days, or by both such fine and imprisonment. If the value of the money, property or valuable thing referred to in the preceding paragraph, be more than twenty (\$20.00) dollars, any person convicted hereunder shall be deemed guilty of a felony and shall be punished by imprisonment in the state penitentiary, for a term not exceeding seven (7) years, or by a fine not to exceed five hundred (500) dollars, or both such fine and imprisonment. The term "false or bogus check" shall include checks or orders given for money or property which are not honored on account of insufficient funds of the maker to pay same, as against the maker or drawer thereof, the making, drawing, uttering or delivering of a check, draft or order, payment of which is refused by the drawee, shall be prima facie evidence of intent to defraud and the knowledge of insufficient funds in, or credit with, such bank or other depository; provided, such maker or drawer shall not have paid the drawee thereof the amount due thereon, together with the protest fees, within five days from the date the same is presented for payment; and, provided, further, that said check or order is presented for payment within thirty days after same is delivered and accepted.

The word "credit" as used herein, shall be construed to mean as arrangement or understanding with the bank or depository, for the payment of such check, draft or order.

#### LESSON NO. 11 BANKRUPTCY LAW

Petitions in bankruptcy are classified either as voluntary or involuntary, depending upon whether the petition is filed by the bankrupt himself or by his creditors. An involuntary petition can be filed by three creditors having claims aggregating \$500 or more, but if there are less than twelve creditors, a single creditor having a claim in the sum of \$500 or more may file a petition.

The schedules must be filed in case either of involuntary or voluntary bankruptcy ten days after adjudication, unless further time is granted.

The first meeting of creditors, for the election of a trustee and the examination of the bankrupt, is to be held not less than ten nor more than thirty days after adjudication. Such meeting is usually adjourned from time to time until the examination of the bankrupt has been completed.

Claims duly verified in accordance with the Act may be filed any time within six months after adjudication. Claims are subjected to scrutiny by the trustee and objections are filed to any claims which the trustee believes are not just.

The first dividend must be declared within thirty

days after adjudication if there are funds at hand sufficient to pay 5 per cent or more of the claims which have been, or probably will be, allowed. Subsequent dividends may be declared as often as there is 10 per cent or more for distribution. The first dividend may not include more than 50 per cent of the money of the estate in excess of the amount necessary to pay priority claims. The final dividend may not be declared sooner than three months after the first dividend. After the final dividend has been paid by the referee, the trustee's bond is cancelled and the trustee discharged.

Not less than one month, and within twelve months subsequent to adjudication the bankrupt may apply for a discharge. Further time, not to exceed six months, may be granted by the court.

When the application for discharge appears on the calendar of the district court, creditors may enter their appearance in opposition. Within ten days thereafter, they must file specifications of objections to discharge which are then referred to a special master to be determined. The special master makes his report after hearing the evidence, and either recommends that the objections be dismissed or that the discharge be denied. This report is filed with the district judge and a motion is made to confirm it. On the motion to confirm, the district judge reviews the report of the special master and either grants or denies discharge as he determines the circumstances of the case require.

To accomplish its purpose the act provides for:

1. Taking possession of the assets of the insolvent debtor, either upon his own request or that of the creditors, when justified.
  2. The investigation of any apparent irregularities in the conduct of the business.
  3. The sale of the assets and distribution of the proceeds among the creditors.
  4. Granting him, in the absence of fraud, a discharge from the unpaid balance of his debts.
- The various steps incidental to the administration of a bankrupt's estate may be stated briefly as follows:
1. Petition is filed, together with a schedule of the assets and liabilities, in the federal district court.
  2. Court adjudges the petitioner a bankrupt and refers the case to the referee for administration.
  3. The referee notifies the creditors of the adjudication.
  4. Creditors file proofs of debts, covering their claims with the referee.
  5. Meeting of the creditors is called by the referee.
  6. Creditors elect a trustee to handle the estate under supervision of the referee.
  7. Examination of the bankrupt by the creditors.
  8. Trustee winds up the estate and the assets are pro-rated among the creditors.
  9. Trustee submits a final report to the referee for approval.
  10. If approved, the report is submitted to the court, by whom the discharge is granted.

# A Last Word From Nashville

**R**EFUSING to let anything stand in the way of making everyone attending the 1929 National Retail Credit Men's Convention have one of the most enjoyable four days they have ever had and seeing that true Southern hospitality abounds on every hand, the entertainment committees for both men and women have been busy for the past several weeks and announce the major features of their part of the program in this month's issue of CREDIT WORLD.

The program committee left but little opportunity for the men's entertainment committee to get in much work, but every spare moment has been taken care of and the committee is seeking other opportunities to add a little more fun to the program, according to H. L. Regan, chairman of the local committee. Already this committee has announced that Monday afternoon will be taken up with a sight-seeing trip over the city, visiting all points of interest, including The Parthenon, Nashville's famous educational and beautiful residential district and other points, and also reaching to The Hermitage, the old home of Andrew Jackson, and a swing through the mammoth Old Hickory site of the powder plant erected during the war and now an industrial city of 12,000 people, where the DuPont Rayon Company has located one of the largest rayon plants in the south, and is preparing for other developments. *This will be one of the big features and everyone is cautioned to reach Nashville Monday in time to make this trip, that will leave from convention headquarters promptly at two o'clock.*

Monday night there will be an informal get-together dance and bridge party from 9 to 12 o'clock at the Chamber of Commerce Building, located on Fourth Avenue and but two blocks from convention headquarters. This promises to be one of the real features of the week, with dancing for all who care to indulge and bridge for those who do not dance. One of the South's most famous orchestras will furnish music for the occasion.

Tuesday's program has been left open, that being one of the busiest days on the business part of the program. However the entertainment committee will be prepared to furnish some form of amusement if the opportunity arises.

Wednesday's program has as its feature an *old time Southern Barbecue, with corn bread, buttermilk and the other trimmings that go with such a meal.* This will be held at 6:30 o'clock at Cumberland Park and will be followed by dancing, while the various amusement features of the park and all concessions will be open for the entertainment of those who do not care to dance and prefer other forms of entertainment.

The annual banquet will be held Thursday at the Scottish Rite Temple, one of the most magnificent buildings in the city, and will begin at 8 o'clock and

continue until 10 in the evening. The banquet will be interspersed with vaudeville acts and surprise numbers of all kinds. This will be followed by dancing from 10 o'clock until 2 o'clock in the morning.

Mr. Regan is being assisted in the entertainment work by a committee composed of N. B. Blackford, W. E. Jordan, J. L. Langford, L. W. Hall, Raymond Woods, H. T. Hutchinson, H. W. Luton, J. H. Price, D. C. Barrett, L. E. Brish, J. E. Drew and C. C. Turner.

Nor will the ladies consent to being overlooked. Mrs. R. H. Poindexter has attended so many conventions that she feels she is under obligations to everyone who attends the Nashville convention. She has organized a committee of ladies that embraces the wives, daughters and lady members of the Nashville Retail Credit Men's Association and these ladies are arranging a program that will rival that of the general entertainment committees. Among the features already announced by Mrs. Poindexter for the ladies attending the convention, whether delegates or accompanying their men folks, will be found the drive over the city with the men on Monday afternoon and the card party and dance at the Chamber of Commerce that are mentioned in the above program for all. Tuesday afternoon there will be a trip to The Hermitage, especially for the ladies, with an afternoon tea served in "Uncle Alfred's Cabin."

Wednesday will be a big day for the ladies, with a walking tour to the points of interest in downtown Nashville, including the James K. Polk Memorial Room, the Tennessee Historical Society Museum and the Daughters of Confederacy Museum in the War Memorial Building, a visit to Tennessee's historic State Capitol and other points of interest. In the afternoon there will be a tea at the Woodmont Golf and Country Club, and at night the ladies will join the men for the barbecue and dance at Cumberland Park. Thursday morning will be taken up with a tour of Nashville's shopping district and at 1 o'clock in the afternoon there will be a luncheon at the Bellemeade Golf and Country Club and a drive over the city, and Thursday night the ladies will join with the men at the annual banquet. Thus every moment of spare time will be consumed and the Nashville ladies are seeking to show that they can entertain in the same manner as can the men. Mrs. Poindexter's committee is divided into various sub-committees with the following chairmen: Card Party and Dance, Mrs. Hugh Reagan, chairman; Transportation, Mrs. Revie Brown, chairman; Prize committee, Mrs. Walter Hardcastle, chairman; Telephone committee, Mrs. J.

Turn to page 32, please

# Deferred Payment Credits Have Increased Sales

By W. T. SNIDER, Credit Manager, Scruggs, Vandervoort & Barney, St. Louis, Mo.

**I**NSTALLMENT Selling, Deferred Payment, or Club Plan, whichever you choose to call it, is not anything new. It has been with us as long as I can remember, and that is going back some years, but it has been greatly enlarged upon in its scope the past fifteen years.

Some time previous to the war the department stores began adopting this plan of selling, and it was an added asset both to the buying public and the stores. Our customers who carried satisfactory regular accounts at times found it necessary to buy in a much larger way than the monthly income would permit on regular terms, and by this plan they were permitted to acquire the merchandise for their needs and budget the payment over a period of months enabling them to have the pleasure and use of their purchases, giving the stores the opportunity of increasing their volume and merchandising on a much larger scale. It was the automobile industry which brought this so forcibly to the attention of the buying public, and it was not long thereafter before the plan was being adopted in many other lines. It was fortunate it had been given a practical test before the end of the war. With the high efficiency and mass production during this period there were large quantities of merchandise on hand, and it was up to the retailers to find an avenue of distribution, and it was the Installment Plan that solved the problem not only in enabling the retailers to dispose of the accumulated merchandise, but providing

*A talk delivered before the Associated Retail Credit Men of St. Louis.*

## WESTBERG GENERAL CHAIRMAN GROUP CONFERENCES

The Group Conferences at the National Convention of the National Retail Credit Association will be conducted under the supervision of R. E. Westberg, National Director, of Seattle, Washington.

Mr. Westberg has an enviable reputation for handling Conferences in the Northwest, and has been particularly successful in arranging interesting debates at meetings in the West.

All members attending the National Convention at Nashville, Tennessee, who have any suggestions regarding the Group Conference are invited to address R. E. Westberg, of Westberg & Childs, Spokane, Washington.

a way which would enable the buying public to purchase in a larger way, enabling the manufacturing industry to continue on the large scale of production, providing steady employment.

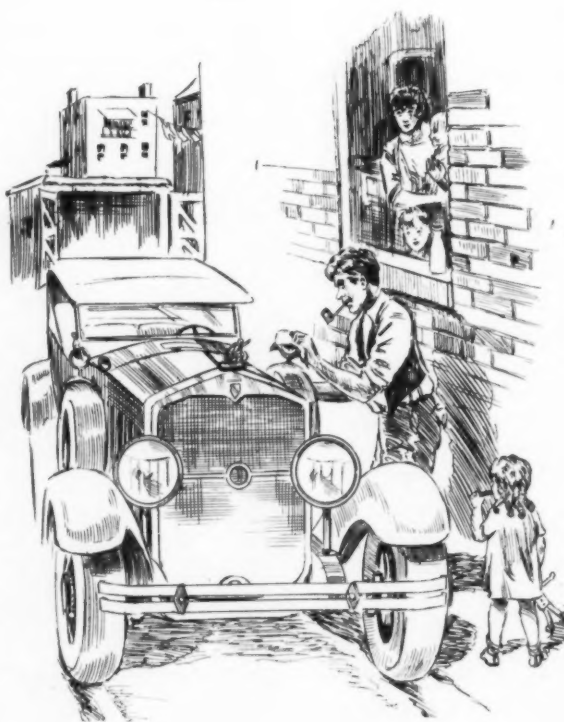
Can you picture what the result would have been if the industries would have been compelled to curtail their output fifty per cent? It would have caused a depression such as this country had never experienced. The plan is economically sound.

There are some evils that have crept into the merchandising under the installment selling, and it is not the fault of the plan, but the method used by some of the retailers who are going to the extreme for volume.

Let me divert just a minute, and give you some of the statistics which have been furnished me by Mr. Hulse, Secretary of our National Retail Credit Association, which I believe will be of interest to you.

There are 1,313,600 retailers in the United States doing a volume of business of \$60,000,000,000. \$36,000,000,000 of this is done on a credit basis, and \$6,500,000 on the installment plan.

Can you not realize from these figures what an important part the retailers play in the business structure of our country? Think of it—Sixty billion, one year's sales, represents one-sixth of the total wealth of the United States. Then should we not have sound, safe merchandising policies, not only to carry on the welfare of our individual houses, but the buying



*A small down payment attracts a certain class who are not in a position to assume further obligations*

public as a whole? Is it not an obligation on our part to conduct our business in as economical a way as possible, so that the buying public will have the opportunity of procuring their needs at a fair and reasonable price?

The figures for the automobile industry are not available for 1928, but let me direct your attention to those of 1927. In this year there were 6,500,000 machines sold in this country, 75% on the installment plan. This percentage I understand has increased and now it is about 85%. Eighty-five per cent of the plate glass goes into the construction of automobiles, 60% of plushes and velours, 30% of the raw steel, and there are other commodities used to a large extent. So you see the important part this plan means, not only to the automobile manufacturer, but to all industries down the line. This is a good example, which can be applied to many other lines of merchandise.

#### NEW SERVICES, SURGEONS, HOSPITALS AND COLLEGES

Here are two new services this plan is rendering, and are the most worthy of them all. In Washington, D. C., they have installed a plan by which an individual may have an operation performed, permitting him to pay the surgeon and hospital fees over a period of months. And then in Wichita, Kansas, a college there permits the students to pay their tuition on a monthly basis. Certainly these can not be a poor policy, and uneconomical or unsound.

#### OBJECTIONAL FEATURES AND MERCHANTS

However, there are objectionable features that may creep in, and when they do it is the fault of the merchants and credit man in not handling it in an intelligent way. Of course, sometimes merchants strive for volume, volume, regardless of how they get it; then in these cases the Credit Man has to abide by the store policy regardless of his own individual opinion.

#### DOWN PAYMENTS AND TERMS

From my own experience and study of this question, I deem it wise to require a fair down payment, account to be liquidated within a reasonable length of time. This to be determined by the class of merchandise. On pianos and sewing machines it has been the custom to carry these for a longer period of time than I would approve on furniture. Think the period of from eight to twelve months for the average furniture transaction would be the ideal time, and a reasonable interest charge to be made on the deferred payments.

This is only equitable and fair to the purchaser as well as the seller. The purchaser then has the opportunity of knowing exactly what he is paying for the accommodation, and knows he is not being charged an exorbitant amount as a penalty for using the installment method for purchasing his needs. We all realize that we are not getting something for nothing in this world, and what we get we have to pay for. Is it reasonable to expect that a firm is going to carry these accounts for a year without compensation for the use of the money? The majority of merchants

have to go to their banking institutions for financing them.

#### CARRYING, COLLECTING AND REPOSSESSING

Merchants who are endeavoring to promote sales on a small down payment and no interest charge are one of two classes. One who is not conversant what it is costing him for the carrying and collection of these accounts, depreciation of the merchandise and cost attached to repossessions. The other with their small down payment and camouflage of no carrying charge, they are selling and attracting a certain class who are not in a position to assume further obligations, as in many cases they already have more than they should have, becoming a burden to them, absorbing too large a part of their income, having to deprive themselves of necessities that they really need. It is my opinion that the necessary lines of merchandise have suffered, due to the fact that a certain percentage of the buying public has been permitted to overreach themselves, and in many cases causing them worry and embarrassment.

#### CREDIT MEN

Here is where the Credit Man can prove his worth by consulting the purchaser, determining whether they are in a position to assume the added indebtedness, his decision to be made after acquiring the necessary credit data through their reporting bureau.

#### CREDIT REPORTS

Feel that these credits should be given the same consideration that the regular unsecured accounts, first determining the financial worth, income and the length of time in present occupation, demands on the income and their paying habits. With this information before you, you can handle the transaction intelligently without taking hazardous risks or permitting customers to pyramid, which is just as helpful to them as to the merchant. After all is said and done, there is an obligation on the merchant to service his clientele as economically as possible and by so doing acquires their confidence and good will.

#### CREDIT STRUCTURES

The buying public will not be fooled indefinitely, and when the merchants are going to extremes with no down payment, no carrying charge, and giving them their own time to pay, the public will soon begin to realize that they are paying entirely too much for this generosity. Again, it is unfair and unjust to our cash and thirty-day accounts, as when this extra expense for carrying these accounts will be added to the mark-up they are paying for accommodations granted others. This will help to tear down the credit structure of prompt payment which we have been endeavoring to build quicker than anything else. By having a proper turnover in your accounts receivable it will enable you to reduce your mark-up, and do not think for a moment that this interest charge of merchants have to pay for carrying their accounts is not an item. By the eliminating of this waste the buying public will receive the benefit.

# Retail Credit in Honolulu

By H. A. YIM, Credit Manager, Liberty House, Honolulu, Hawaii

**I**N view of the fact that in many retail establishments the charge business averages between 60% and 75% of the total volume, it can readily be seen how vital a factor the relation of credit is to retail transactions. To obtain the greatest benefits out of credit the retail merchant should employ every safe and scientific means, and it is therefore fair to assume that the credit department is a very important unit.

The complexity of modern retail business is such that in a great many instances the credit manager does not come into direct contact with the prospective charge customer. The credit manager lays down the rules and regulations for the conduct of his department. It follows then that an effective credit organization must be created, with the credit manager as the chief executive and controlling spirit. An effective credit department alone cannot successfully accomplish its ends without the full co-operation of the other departments throughout the store, as well as the management.

The credit manager is not usually a salesman, for credit is extended in the majority of cases at the request of the consumer. Nevertheless the credit manager is constantly selling the reputation and service of the firm with which he is connected. He should therefore be equipped with every possible means for carrying out the business of his department with the utmost efficiency so as to attain the highest degree of productivity, not only so as to increase the volume of charge business, but to make it practically as safe as cash business.

The Liberty House management, following the practice of the present day, places its credit manager in complete authority over the

## POINTED PARAGRAPHS FROM A HONOLULU CREDIT MAN

*Editor's Note: The following from a talk before the Retail Board of the Chamber of Commerce of Honolulu are by Fred Zaulig, Credit Manager of W. W. Diamond & Co.*

In my opinion bad debt losses are not so much of a credit problem but a collection problem. If proper care is taken when opening the account, failure to drive in the money when the account becomes slow or dubious rests usually with the collection department.

Credit business with us is a necessary element in securing a satisfactory turn-over of our stock, our cash sales amounting to less than 20 per cent of the total sales. A person buying on a credit basis we believe stays with the store longer, buys more; and moreover, pleasing credit accommodation is apt to secure customers, whereas cash purchasers pick up a bargain in this store and another one elsewhere. This, however, leads to the danger point where credit is given too freely. This refers only to smaller accounts. Applications for large credit are taken direct to the Mercantile Reference agency for investigation. We do not ask for a statement of assets and liabilities, as we believe that this is in the province of the rating bureau. In fact, in order to get accurate information we occasionally advise the applicant to make a statement of his affairs direct to the rating bureau. In this way we feel that the applicant can talk more easily to us. Nor do we pay particular attention to a person's bank account, as that does not mean anything. Banks will not give information to us except that an applicant has an account there; and in case of garnishee there is generally no balance worthy of attaching.

There seems to be at present a tendency among some of the wealthier customers and higher officials to slow up on settlements, but I believe that this is only a temporary ill, as after analyzing these delinquents, we note that omission of extra dividends to which we have been accustomed during the last years may have a bearing on it.

credit department, making him responsible for all matters pertaining to credit. I am grateful to say that I have found Mr. Lindeman, my superior, or Mr. Grant, ever ready to co-operate with me in all my undertakings at all times.

Perhaps it would be interesting for me to relate in a general way how The Liberty House credit department operates in the opening of a charge account. We shall begin with the application for a credit blank. We require every one of our prospective charge customers to furnish on the application the information which we regard essential in the passing of credit. This information bears on the following main points:

- Full name.
- Residence (present and former).
- Occupation.
- Length of employment.
- Charge account references.
- Bank.
- Personality of applicant.

I might say that the form we use is similar in many respects to that used by all modern retail establishments. The utmost tact and diplomacy must be exercised in the solicitation of this information. One of the best methods we know of is to obtain the information in a conversational manner. It is not good policy to force answers, as you know, at inopportune moments. Occasionally we come across a prospect who considers it an impertinence on our part to question him regarding his full name, residence, occupation, etc. Yet the same person when making a loan at the bank will not object to being questioned along the same lines. The cases are almost parallel, as the merchandise is the liquid asset of the merchant, and the money that of the banker.

Before granting or refusing the prospect the charge account it is

customary to obtain a report from the Mercantile Reference Agency. Very often we consult the rating book, commonly referred to as "the bible of the credit department," issued by Mr. Young's office, to see how the subject is rated. In the case of one who has resided in the community for a number of years we have always found the Mercantile Reference Agency in a position to furnish us with a report regarding the subject's habits in meeting his bills. But in the absence of any such report Mr. Young's office informs us whether, according to their files, the applicant has been permanently employed, or whether garnishee proceedings have been entered against him. In that event it is up to us to analyze the report. For example, if the report states that the subject has been employed permanently at one place for a period of four years, and that he owns the home in which he lives, which carries an approximate value of, say, \$5,000, and that he has never been sued for his indebtedness, in such a case we would feel very much inclined to grant the credit. Conversely, if the report states that the subject has not been employed permanently at any one particular place during the past four years, and that he had been garnisheed, we would not hesitate to refuse such an applicant. Of course, in almost every case Mr. Young's report must be interpreted, or analyzed in a discretionary manner, with relation to other factors.

In the case of a newcomer to the community, Mr. Young's office may or may not have information regarding the individual. Just because Henry Smith has just arrived in Honolulu, say about a week before, is no reason that we should not call up the Mercantile Reference Agency to make the usual inquiry, because we have very often obtained valuable information on newcomers. We also make direct inquiry on prospects of firms whose names are given as references. Sometimes direct inquiries of this nature are referred to credit agencies of different localities for reply.

Our office does not complain when Mr. Young is not in a position to furnish us with the desired in-

*Editor's Note: The far reaching effects of the National Retail Credit Association are evidenced by this talk before the Retail Board of the Chamber of Commerce, Honolulu, Hawaii.*

*Mr. H. A. Yim is Credit Manager for the Liberty House, and has been a member of the National Retail Credit Association for many years. He is so thoroughly sold on the doctrines of the National, he carries our emblem on his letterhead and his address is evidence of the fact he is applying the most modern methods to the Credit Department of the great business with which he is connected.*

*D. J. Woodlock.*

formation, for after all, Mr. Young's office operates in a similar manner to any merchandising concern, the difference being that Mr. Young sells service while the latter sells merchandise, and the merchant very often finds himself out of stock on certain articles asked for by his customer. A statement of assets and liabilities of an individual is not necessary for a retail credit manager to pass upon before granting credit for a retail account; for as a matter of fact, the personal equation of the probability that the customer will keep his word to pay constitutes the basis of all retail credit granting. If we have good reasons to believe that the customer has the ability to pay, and appears to be a sound moral risk, there is hardly any limit, within reason or safety, to the credit which we grant him. But of course the problem which confronts us is that of satisfying ourselves as to the customer's good character and his willingness and ability to pay. To solve this problem a bureau of mutual credit information, such as that maintained by the Mercantile Reference Agency, is of great assistance. I believe in the use of the Mercantile Reference Agency in all matters relating to credit. The local merchants, and particularly their credit men, should make visits to Mr. Young's office as often as possible for the purpose of not only interchanging credit ideas, but at the same time obtaining a knowledge of the workings of his office. And remember, gentlemen, the oftener we come into

personal contact with Mr. Young's office, the better the report that office can furnish the individual merchant.

I also believe that the credit men of this community should themselves get together occasionally for conferences, as in so doing the interchange of thoughts, ideas and experiences is bound to lead to beneficial results.

In closing let me quote the words of Daniel Webster:

"Credit is the vital air of modern commerce. It has done more a thousand times to enrich nations than all the mines of the world. It has excited labor, stimulated manufacture,

Turn to page 24, please



**The Credit Manager is constantly selling the reputation and service of the firm.**

# Lack of Frankness and Firmness is the Weakness in Credits and Collections

By GEORGE E. BUCHANAN, President, Detroit Coal Exchange, Detroit, Mich.

**C**REDITS and collections, as a subject, is as old as the hills. In fact, it goes beyond the time of Shakespeare's well known Merchant of Venice—"Shylock," yet there isn't anything which has caused so many failures in business as careless credits and collections.

One of the greatest handicaps in the handling of credits is fear—lack of frankness and firmness from the start.

Customers are often lost by being given the impression, at first, that they are going to receive credit, only to find, later, when unfavorable information has been gathered from the outside, they are refused credit.

We believe in getting all information possible from the prospective creditor and are aiming, in our five coal companies, to have the customer requesting credit asked these identical questions regardless of which employee takes the order.

## GET THE FACTS

Our employees, when taking an order, ask the question, "How do you wish to pay for this?" If the request is made for credit, the following questions are asked, aside from the name and address:

1. How long do you wish credit?
2. Where have you been buying your coal?
3. With what bank do you do business?
5. Branch or main office?
6. Where are you located in business?
7. Where are you employed?
8. How long?
9. Do you own property? Location?
10. Where have you charge accounts?
11. Are you married or single?
12. How long have you lived at present address?

## GET YOUR MONEY WHEN IT IS DUE, AND DON'T HESITATE

These "Ten Commandments" on collections are well worth practical following. Save this as a daily reminder. They are laid down by Lawrence C. Lockley, an authority on the subject:

1. Merchandise your collections. Don't just send a series of duns; build your collection series from the point of view of your debtor; sell him the idea of paying.
2. Don't allow accounts to grow old. Most dead and slow accounts were "good" when they were opened. Start your collection effort at ten days rather than at sixty days.
3. Be persistent. Even the slowest debtor feels the pull of an infallibly regular collection system. Even the good account tends to slacken with intermittent collecting.
4. Don't be ashamed to ask for money justly due. A firm collection policy not only brings in the money but it gets the most orders.
5. Don't whine. Money is seldom paid because a delinquent feels sorry for his creditor.
6. Avoid stunts. The acrobat may "go over big"—but when he falls he sprains his back severely.
7. Stand by your statements. You weaken subsequent collection efforts by fruitless threats. The threat is rarely advisable. When made it should be carried out.
8. Co-operate as far as possible with your debtors. The more constructive advice and service you give, the more you will develop your business.
9. Make your collection letters build good will. Keep ever in mind that an average of 80 per cent or more of the business on your books comes from old customers already on your books.
10. Know your customers. The more you know about a customer the easier it is to collect from him.

13. Former address?

14. References.

Remarks.

Applicant's signature.

Thank you.

Account opened by.

We prefer to have people come to the office to open an account, rather than have them do so by telephone. The writer was taught to look people in the eye—that the whole story is there if you can read it.

However, it is not always possible for the customer to come to the office, but we can usually determine from the way the first three questions are answered just how thoroughly we will be required to follow up and check.

Most people are honest and it is quite easy, with this system, to eliminate the few dishonest ones. In order to ask these questions, the order taker must understand the credit blank and its meaning and must not answer the questions for the customer.

## ELIMINATE THE DISHONEST BUYERS


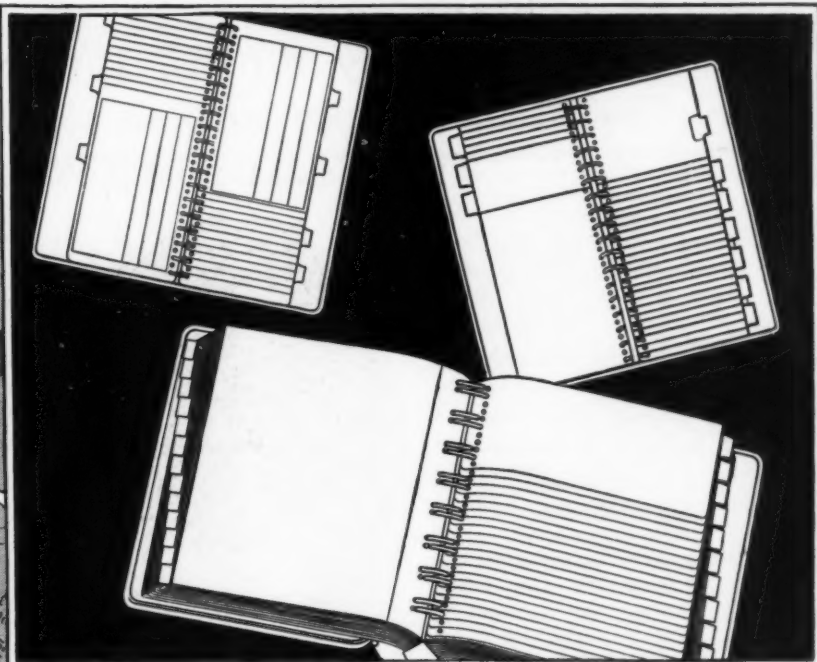
As to collections, while most people are honest, many of them are careless. Each creditor on our books has been asked the question, "How long do you wish credit?"

If his answer has been satisfactory, then if he does not pay as agreed he automatically goes on our "M. P." list. That means that our employees are faithful in calling him—always early in the morning—for people who are careless in paying are often lazy.

Many times they are called from their breakfast table and asked to send in a check for their past due account.

We have tried to instill the thought that we have no collector.

Turn to page 31, please

## VI-DEX

### Visible Records With Hydroiloid Sheets!

**New! Tough! Waterproof!**

To the simplicity and convenience of the Irving-Pitt VI-DEX, we now add another feature—sheets made of hydroiloid paper!

Records kept on hydroiloid paper last almost forever. This tough stock is patented and wears like iron—won't crack or become dog-eared. It is grease and water proof—and it "sets" the ink of both pen and typewriter so that perspiring hands can't blur it.

There are two types of VI-DEX. The Prong Binder VI-DEX for large, the Ring VI-DEX for smaller installations!

For medium-sized bookkeeping installations, we also offer the VI-DEX Accounting Outfit—specialized for various professions and lines of business.

Make your records visible. Your I-P stationer will recommend the correct VI-DEX for your needs—with hydroiloid sheets that wear and wear.

**IRVING-PITT MANUFACTURING COMPANY**  
NEW YORK      KANSAS CITY      CHICAGO

**LOOSE I-P LEAF**

Forms, Binders, Ring Books,  
Machine Posting, Visible Equip-  
ment and Accounting Systems

# Credit Conditions and Causes of Failure Among Retail Grocery Stores, Louisville, Ky.

By WILBUR C. PLUMMER, Domestic Commerce Division

## SUMMARY AND CONCLUSIONS

1. Statistical evidence on credit losses proves conclusively that *loose* credit to customers is an important cause of failure among retail grocery stores in Louisville. An examination of 30 stores, which were in such condition financially that they were on the verge of bankruptcy, showed that as a group they had an average credit loss several times as great as that of the remaining 386 stores which were studied.

Computing a credit loss ratio for each store by taking the ratio of bad debts to total sales (cash and credit), 5 stores were found with the enormous losses of 13.4, 13.8, 14, 22 and 33.8%, respectively. The average credit loss for well run grocery stores is less than 0.5%. If the credit loss ratio is computed by taking the ratio of bad debts to credit sales, the credit losses of the five stores were 31.8, 17.5, 19.2, 25 and 37.4%, respectively. In the case of these five stores, easy credit alone was enough to put them out of business. In the case of 12 other of the 30 "prospective" bankrupts, easy credit was a major contributing factor.

2. Easy credit from wholesalers to retailers was also found to be a cause of failure.

A certain grocer was studied as a prospective failure, as he was in financial difficulties and seemed to be slipping. Notwithstanding the fact that this man had failed in another line of business, that one wholesale establishment had collected by the magistrate since he had been in the grocery business and another one had threatened to sue him, and that bills to other wholesalers were from 30 to 60 days overdue, goods were still being sold to him on credit.

An examination of liabilities of those merchants who had actually failed and had gone through the courts was strong proof of easy credit. One man failed owing more than 50 creditors, most of them wholesalers, jobbers and manufacturers. Another failed owing more than 40 creditors, among whom were wholesalers with bills of four and five hundred dollars each, all of which would be a total loss to them.

As is pointed out in the body of the report, all wholesale establishments did not extend credit in a lax manner. Wide differences in policy in this respect were found.

3. There were at least two cases of the 30 pros-



WILBUR C. PLUMMER

pective failures in which chain store competition was an important factor.

4. Dishonesty was not found to be a cause of failure among grocers but rather a result of it. There were indications here and there that when a man was about to go under he disposed of his stock rather quickly, probably to friends or relatives.

5. The facts gathered seem to show that inexperience was relatively not an important causal factor; they indicate rather that merchants failed to profit by the experience which they had. The surprising fact is not that these merchants, taken as a group, lacked experience but that a number of them should be on the verge of failure after having served apprenticeships as grocery clerks and after having weathered the storms of actual business for periods of ten, fifteen and

twenty years.

6. Credit loss percentages tend to vary inversely with the size of the business. Grouping 416 stores representing all sizes of establishments and all sections of the city according to the volume of their total sales, the fact is brought out in a striking manner that the larger the stores the smaller proportion of bad debt losses. (See accompanying chart.)

7. The data collected on the use of a credit bureau in carrying on credit business show that as a rule the stores which used a credit bureau had less bad debts than those which did not. The difference is quite pronounced. (See accompanying tables.)

## LOSSES FROM BAD DEBTS 409 RETAIL GROCERY STORES LOUISVILLE, KY., 1928,

Distinguishing those making use and those not making use of Credit Bureaus

Stores Having	Stores Using Credit Bureaus				Stores Not Using Credit Bureaus			
	No.	Percentage of bad debts to -			No.	Percentage of bad debts to -		
Total Sales of -	is	Credit Sales	Total Cash and Credit Sales		is	Credit Sales	Total Cash and Credit Sales	
Group					Group			
Less than \$5,000	10	9.4	4.8	32	11.6	5.6		
\$5,000 to \$9,000	9	2.4	1.5	41	5.5	3.3		
\$10,000 to \$24,000	59	2.7	1.7	104	2.9	2.2		
\$25,000 to \$49,000	20	1.3	.9	26	1.7	1.1		
\$50,000 to \$97,000	25	.5	.4	11	1.1	.7		
\$100,000 and over	10	.4	.3	1	.3	.2		

Turn to page 24, please

# You Need Not Make a Blindfold Test When You Desire to Speed Up Credit Reports!

*Let the Experience of Others Guide You*

## Lamson Brothers Co., Toledo, says:

"We have only words of praise for our Telaarograph. In fact, we don't see how we ever got along without it now.

"One day last week we had one hundred and two applications on which we were waiting for reports. The clerks in the credit department were very busy with refer charges and other routine work. When we finally had time to check up on the Telaarograph, we found that during the time we were so busy, sixty-seven of the reports had come to us. Had one clerk had to take them over the phone we should have had to have extra help in the department. We were also enabled to make deliveries from these Telaarograph reports and did not have to wait until they came to us in the regular way.

"We feel that our Telaarograph has been put to the most rigid test, as we have used it through our Anniversary Sale and our Removal Sale. During both events we opened an exceedingly large number of accounts.

"And now in the midst of our Christmas business, it is still giving 100% service."

**This Store has a Direct  
TELAUTOGRAPH  
Connection to  
the Merchants Credit  
and Adjustment Co.**

**Other Toledo Stores  
with a similar service are**

**Meyer Jonasson  
The B. R. Baker Co.  
The Rainie-Barbour Co.  
The LaSalle & Koch Co.  
Stein's and  
The Lion Dry Goods Co.**

**All the Stores Named Are Enthusiastic Over This Service!**

## The Merchants Service Bureau Grand Rapids, says:

"In checking our records, we found that 50% of our telephone traffic was outgoing. This outgoing traffic was mostly the clearing of references and bringing reports up to date, and that one-half of this 50% was with our five large stores in which we installed the Telaarograph equipment.

"It is now possible for our operators to clear references with these other stores and no longer wait several minutes at our end of the line. Under the Telaarograph plan our operators can do other work while the store is looking up the necessary information for us. They, of course, can send us back this information without the help of an operator at our end as required by telephone."

**The 5 Stores are  
Charles Trankla & Co.  
Herpolsheimer Co.  
Friedman - Spring  
Wurzburg's Store  
and Young & Chaffee  
Furniture Co.**

**Milwaukee, Nashville and Dallas Credit Bureaus have signed Telaarograph  
contracts for credit reporting service**

**ST. LOUIS AND KANSAS CITY BUREAUS AND STORES EXPERIMENTING NOW!**

**WRITE TO US FOR DETAILS — NO OBLIGATION OF COURSE!!**

# TELAUTOGRAPH CORPORATION

16 West 61st St., New York City

We Have 44 Branch Offices

## Three Weeks in California

By D. J. WOODLOCK

I HAD the pleasure of spending three weeks of April in California. I had two main objectives in this visit: the Conference of Southern California Bureau Managers at Pasadena on April 13, and the Conference of the Retail Credit and Bureau Managers of California at Oakland, April 19 and 20.

Both exceeded my expectations. At Pasadena sixty-four representatives of thirty-five Credit Bureaus attended and this was a meeting of only the southern half of California. At Oakland over four hundred attended. We had what I consider the best and most educational Conference in our National Association history. The talks and discussions indicated serious thought had been given every angle of Retail Credit Granting, and in order to permit every member of our Association to profit by and enjoy these talks, we have arranged to publish the entire proceedings in the June issue of the CREDIT WORLD. That particular issue will be known as the California Number.

In addition to the two Conferences, I visited seventeen Credit Reporting Bureaus and addressed meetings of merchants in Pasadena, Glendale, Fresno, Sacramento and Oakland. The meetings were all well attended, ranging from 195 to 500 persons.

California leads all states in the number of Credit Bureaus and cities organized for credit protection. It was an inspiration to the Manager-Treasurer of the National Retail Credit Association to note the excellent equipment of all the Bureaus visited. Those in the smaller communities are far ahead of eastern bureaus in cities of like size. The Managers are all "live wires" and the State Association has made much progress along lines of standardization of records, reports and service. All the bureaus without exception use the National Retail Credit Association coupon system in securing reports from other Bureaus.

It is evident the excellent service rendered has sold the Bureaus to the merchants and they are giving them unusual support. These merchants realize that in order to get the best service, they must employ a highly efficient personnel and furnish it with the most modern equipment.

Of course we expected to see wonderful organizations at Los Angeles, San Francisco and Oakland, but it was a new experience to visit Alhambra, Anaheim, Bakersfield, Burbank, Fresno, Glendale, Ontario, Pasadena, Pomona, Riverside, Sacramento, Santa Ana and Whittier and find them all on a par with the most efficient bureaus in the country. Surely we can all "do off our hats" to California and visualize the time when all states will be as well organized and as loyal

supporters of the National Retail Credit Association as California.

No doubt the enthusiasm of California is due to National leaders. H. Victor Wright of Los Angeles, a Past President; J. W. Lewis of Los Angeles, a Past National Director; E. J. Dollard of San Francisco, now a Director; W. W. Weir, S. E. Edgerton, Frank Batty, George Kramer and G. B. Zartman among the Credit Men, and Van De Water, Shermantine, Martin and Storer among the Bureau Managers.

This brings me to a personal compliment of the service rendered on this trip by Mr. R. S. Martin of San Francisco. As State Chairman he had charge of my itinerary, but I was not prepared for the personal entourage service I received. Mr. Martin met me on arrival in Los Angeles and personally conducted me through the entire trip.

No Power or Potentate enjoyed more attention and careful service than I. Mr. Martin had his car at my disposal every minute. He looked after my every need and because of him I was able to keep my rather strenuous schedule and make every meeting on time. Martin, a former Chief of the United States Internal Revenue Department, has more personal contacts than any man I know, and at every stopping place I shared in this hospitality of his friends. Much of the present satisfactory development of Credit Service in California is due to the efforts of Martin, who although unknown to the Credit World when he took up the burden of the late lamented William Loewi, has by ability and aggressiveness, made his name known from coast to coast.

Through the pages of the CREDIT WORLD you have been advised Oakland having become 100% National, and it was a pleasure to greet all those leaders of the Oakland Association, who are so enthusiastic about the National idea they support it 100%. Mr. George B. Zartman, Credit Manager of B. F. Schlesinger & Sons, and Mr. S. E. Shermantine, Manager of the Retailers Credit Association, are largely responsible for this large increase in National membership.

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### LAST CALL!!

Have you mailed in your reservation for  
the Nashville Convention?

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## Your Authorizers Should See the Salescheck!

THERE is no guesswork where credit authorizers actually *see* the salescheck. Then and only then do they know—beyond question of a doubt—what they are approving. No chance to misunderstand the customer's name or the amount of the sale. No opportunity to be misled by the uncertainties of the human voice.



Charge slips are referred direct to the index. No chance for mistakes.

With Lamson Store Systems the itemized sales check is brought to the authorizer. She *sees* it. She *knows* the information it contains. And when she stamps it herself she knows that she is responsible.



THE LAMSON CO., SYRACUSE, N. Y.

Offices in Principal Cities

# LAMSON STORE SYSTEMS

*Speed Sales ~ Safeguard Profit*

## Spokane's Method

ON the first of each year the members of the Spokane (Washington) Credit Men's Rating Bureau turn in their charged off accounts. Fifteen minutes of each of the weekly noonday luncheon meetings is taken up with reading these charged off items, together with repossessions and accounts closed for cause.

The attendance at the weekly luncheons in Spokane runs from 70 to 100, and very frequently, according to Mr. McLeod, Manager of the Bureau, members are put in possession of information that leads to the collection of delinquent accounts. All ninety days past due accounts are reported religiously by the members of the Spokane Bureau, on green cards provided for that purpose. These cards are placed in file for quick information, which has a tendency to put a brake on the extension of accommodation credit before the report is cleared.

The accounts ninety days past due, however, are not, according to Mr. McLeod, discussed in open meeting. When a number of these ninety day accounts are reported against any one individual, the Bureau asks him to call, with the object of assisting him in his payments through a pooling arrangement. There is no charge to the debtor for this service. The interested members pay 10% of the amount recovered, to cover the expense of this service. If the debtor does not make the payments on time, as agreed, then he is penalized by having a 5% charge added to the outstanding balance.

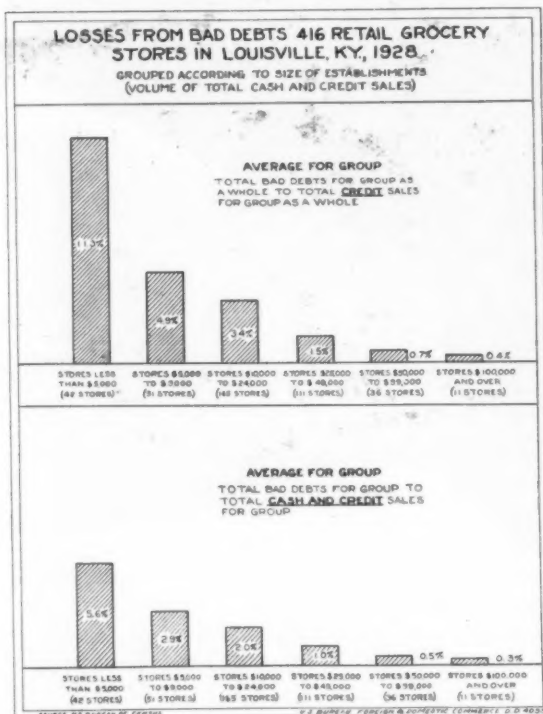
The members of the Spokane Bureau have been taught not to tell an applicant that his credit is no good. Rather they advise him that the information obtained from the Credit Bureau does not warrant credit extension. This naturally induced a great many deeply involved individuals to go to the Bureau for the purpose of making arrangements to re-establish themselves. The policy of the Bureau, according to Mr. McLeod, is not to divulge to the caller any in file information, but to develop, through a series of questions, the facts which are needed to guide them in their contacts with him.

In this way the Spokane Bureau is constantly disseminating credit education to the consumers of that city, leading them, through advice and counsel, to safeguard their credit.

In proof that this service is eminently worth while, Mr. McLeod states that in the past two years, but one person left the Bureau offices who did not express his thanks for the help and assistance given him.

## Credit Conditions and Causes of Failure Among Retail Grocery Stores, Louisville, Ky.

(Continued from page 20)



## Retail Credit in Honolulu

(Continued from page 17)

pushed commerce over every sea and brought every nation, every kingdom, and every small tribe among the races of men to be known to all the rest. It has raised armies, equipped navies and, triumphing over the gross power of mere numbers, it has established national superiority on the foundation of intelligence, wealth and well-directed ends."

**Give  
First Consideration  
to Those  
Who  
Advertise in  
the  
Credit World**

# Highlights of the Program

## National Retail Credit Association Convention

### June 18 - 19 - 20 - 21, 1929

A Welcome by the Governor of Tennessee,  
Hon. Henry H. Horton.

\* \* \* \*

Honorable William E. Humphreys,  
Chairman Federal Trade Commission.

A Government official, with a knowledge of Trade conditions in all parts of the world. A speaker of national reputation with a real message. We are indeed fortunate in having a man of Mr. Humphreys' qualifications on our program.

\* \* \* \*

Stephen I. Miller, New York.  
Exec. Mgr. National Association of Credit Men.

The executive head of the Wholesale Credit Association.

\* \* \* \*

Frank M. Mayfield, St. Louis,  
President, Scruggs-Vandervoort-Barney D. G. Co.

Also Chairman of the Board of the Denver Dry Goods Company, Denver, Colorado. A merchant of national prominence.

\* \* \* \*

John Coode, Nashville,  
President, National Assn. of Retail Grocers.

As head of the Retail Grocers of the country, Mr. Coode's message will be of great interest in this day of chain store development.

\* \* \* \*

Edward A. Norman, New York.

A business expert who will tell how to analyze accounts with a view to securing more business.

\* \* \* \*

Justin H. Edgerton, New York,  
Credit Manager, James McCreery & Company.

Vice-President of the National Retail Credit Association. Will tell of educational features in connection with credit work.

Lindley S. Crowder, Chicago,  
General Contract Purchase Company.

A Past President of the National Retail Credit Association, and former executive of Mandel Brothers, Chicago, and now an official of a Finance Company for the handling of Installment Business.

\* \* \* \*

William Nelson Taft, Philadelphia,  
Editor, Philadelphia Retail Ledger.

"The Biggest Problem in Retailing Today." An excellent speaker, with a knowledge of the retail problems in all sections of the country.

\* \* \* \*

Hon. John M. Thornburgh, Knoxville.  
Referee in Bankruptcy, Tennessee District.

\* \* \* \*

L. L. Schlosser, Detroit,  
Detroit City Gas Company.

Will tell of Public Utility Credit problems.

\* \* \* \*

Dr. W. C. Plummer, Washington, D. C.  
Domestic Commerce Division,  
U. S. Department of Commerce.

Will give an analysis of the Government's Credit Survey.

\* \* \* \*

Volney James, Nashville,  
Manager, James Sanford Agency.

A charter member of the National Retail Credit Association. Will give the "high lights" of our Association history.

\* \* \* \*

John L. Chew, Lincoln, Nebraska.

An able attorney, who will talk about Collections.

\* \* \* \*

In addition there will be short talks and discussions by leading Credit Managers from all parts of the country and every line of business. Group Conferences one entire day, for an intimate discussion of the credit problems of individual lines.

# Washington Bulletin, National Retail Credit Association, May 1, 1929

By R. PRESTON SHEALEY, Washington Representative of the N. R. C. A.

## FOREWORD

There are about 570,000 employees engaged in the Federal service and, allowing \$1,500 as the average annual wage, Uncle Sam spends in the neighborhood of \$850,000,000 of the taxpayers' money to pay these employees. With the growth of population and the increasing demand for Government aid from all sources in every direction, this overhead is going to materially increase unless the present machinery can be reorganized and made more efficient. Hearings were held in the 70th Congress on the Wyant Bill, H. R. 8127, introduced by Representative Wyant of Pennsylvania, providing for the transfer of public roads, rivers and harbors, public buildings and other analogous Government activities to the Department of the Interior, and on the Johnson Bill, H. R. 16722, introduced by Representative Johnson of South Dakota, consolidating and co-ordinating various veterans' bureaus and activities. The present Special Session will not function to any extent on this subject, but Representative Williamson, of South Dakota, Chairman of the Committee on Expenditures in Executive Departments, has already had several conferences with the President on the subject, as well as with Representative Walter Newton, the President's Secretary in charge of research, and it is expected by the time Congress convenes in regular session next December a definite plan will have been mapped out. Congressman Dallinger, of Massachusetts, on April 18th introduced a bill, H. R. 1214, to provide for the reorganization of the executive departments of the Government, and for other purposes. Such matters as Farm Relief and Tariff are in the public eye at the moment, but Government

reorganization will certainly come to the front in the regular session, and if a measure of relief can be worked out it will mean the saving of millions of dollars to the taxpayers of the country, as well as increased efficiency in the administration of Governmental affairs in general.

## PROPOSED LEGISLATION

From among the hundreds of bills already introduced in the present Special Session of Congress, many of which of course deal with individuals, the writer of this bulletin has selected some which he believes to be of interest to the retailers, either directly or indirectly, and these are set forth as follows:

S. 610, introduced in the Senate by Senator Hayden, of Arizona, together with his companion bill, H. R. 743, introduced in the House by Representative Watson, of Pennsylvania, designed to prohibit the sending of unsolicited merchandise through the mails.

H. R. 1006, introduced in the House by Congressman Peavey, of Wisconsin, to secure uniform grading of fur, prevention of deception in transactions in fur, regulation of traffic therein and for other purposes.

H. R. 1672, introduced in the House by Congressman Knutson, of Minnesota, to prohibit the use of the words "Army" or "Navy" or both in the name of a store or company engaged in mercantile business.

S. 324, introduced in the Senate by Senator Jones, of Washington, and its companion bill, H. R. 1013, introduced in the House by Congressman Reed, of New York, to define fruit jams, preserves, jellies, and other products, and to provide standards therefor and require the labeling thereof, and to regulate

traffic therein, and for other purposes.

S. 240, introduced in the Senate by Senator Capper, of Kansas, to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name.

H. R. 2015, introduced in the House by Congressman Cross, of Texas, to provide for research work in connection with industrial utilization of waste products from the land.

S. 372, introduced in the Senate by Senator Caraway, of Arkansas, designed to prevent the maintenance in the courts of the District of Columbia of suits or actions founded in contract or in tort against members of Congress, except any such suits for debts contracted with a bona fide resident of the District of Columbia.

H. R. 119, introduced in the House by Representative LaGuardia, of New York, to prohibit the sending and receipt of stolen property through interstate and foreign commerce. (Note. It has been contended that this bill will also apply to secreted goods of a bankrupt.)

S. 164, introduced in the Senate by Senator Bingham, of Connecticut, to provide for the giving of preference to domestic materials in contracts and purchases for military and naval purposes.

S. 626, introduced in the Senate by Senator Jones, of Washington, to create a prosperity reserve and to stabilize industry and employment by the expansion of public works during periods of unemployment and industrial depression.

S. 148, introduced in the Senate by Senator Walsh, of Massachusetts, to require contractors and sub-contractors engaged in public works

of the United States to give certain preferences in the employment of labor, i. e., first, to honorably discharged veterans of the locality in which the work is to be performed, provided they are available and qualified to perform the work; second, to citizens of the United States of the same locality and so qualified; third, to citizens of the United States in general, and fourth, to aliens.

H. R. 1020, introduced in the House by Congressman Hall, of Illinois, to repeal the entire bankruptcy act.

H. R. 1649, introduced in the House by Congressman Cellar, of New York, to amend the bankruptcy act by providing that the word "receiver" as used therein shall mean a national bank within the confines of the U. S. District Court where the petition is filed, and not an individual or person.

H. R. 733, introduced in the House by Congressman Mapes, of Michigan, to provide for the St. Lawrence River route to the Atlantic Ocean.

H. R. 744, introduced in the House by Congressman Wright, of Georgia, to provide for the leasing of Muscle Shoals to the Air Nitrates Corporation and the American Cyanamid Company.

S. 312, introduced in the Senate by Senators Jones, of Washington, and Vandenberg, of Michigan, to provide for the fifteenth and subsequent decennial censuses and the apportionment of Representatives in Congress.

House Resolution 20, introduced in the House by Congressman Reid, of Illinois, providing for an investigation of the operation of the Federal Reserve Board.

#### DEPARTMENT OF COMMERCE

The Department has announced that it contemplates a survey of dry goods distribution in the states of Missouri, Arizona, Texas, Louisiana, Mississippi and western Tennessee, to be followed by a series of studies on the general problem of distribution in that territory. This survey will include wholesale and retail outlets, department

stores and general stores, but not specialty stores. Data to be obtained for each retail establishment covered in this survey include information on its total trading area; the trade area for 75 per cent of its business; effect of changing transportation methods; steps taken to attract business from outside the immediate community; relative proportions of cash, charge and installment sales; information on returned goods; percentage they represent of gross sales; reasons assigned for returns; such management data as co-ordination of bargain section and main store prices, and attitude toward branded goods. Advertising and sales promotion policies are to be studied, including trend of expenditures for both; advertising media and frequency; major sales events; regular and special utilization of window displays; whether trade stamps or premiums are used, and method of handling mail orders. Free services to customers by each store will also be listed, including delivery, alterations, interior decorating, personal shopping and charge privileges.

Another study now being conducted is that relating to the return of goods in retail stores. This is being done with the assistance of controllers of several stores in Baltimore handling different lines of merchandise, but all having a departmental arrangement. Some of the ultimate objectives of this study are the deterioration of the number of cash, charge and installment sales; the value of goods returned; time elapsing between purchase and return of goods; and conditions of goods returned, that is whether saleable as new, needing to be sold at reduced prices or in need of repairs. Reasons for the return of goods will also be analyzed to establish responsibility for them, in connection with which remedial measures will be considered.

According to information obtained by the Department there are 375 voluntary chain store organizations with a membership of 55,000

retail stores in the United States, compared with 800 regular chain store organizations with 60,000 stores. Three general types of voluntary chains are recognized: (1) That created through the initiative of a wholesaler; (2) that which comes out of a co-operative buying organization of retailers; and (3) that which brings together in one organization a group of wholesalers as well as groups of retailers.

The future of the independent retailers of the country depends not on protective legislation or public altruism, but upon intelligent management and operation, according to Mr. F. E. Simmons, of the Division of Domestic Commerce. After studying the situation with all the available facts and estimates, he points out that from the standpoint of an unbiased observer, there is a definite place for the independent merchant in the distribution system, a place where he can render definite service to the customer and

*Turn to page 30, please*

#### JOHN HANCOCK SERIES

### IS YOUR CREDIT Good—or Bad?

**I**f it is good it is because it is known that you have the ability and collateral to meet your obligations and pay your debts.

You can always borrow money if you have the collateral.

But suppose you die before you have repaid your loans—suppose your collateral, sound as it may have seemed, deteriorates,—what is to satisfy your creditors then?

More and more are bankers asking the prospective borrower about his life insurance.

Establish your credit through a John Hancock Policy.

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

#### INQUIRY BUREAU

197 Clarendon St. Boston, Mass.

Please send me your booklet, "Business Life Insurance for Executives." I enclose 2c. to cover postage.

Name.....

Address.....

C.W. OVER SIXTY-FIVE YEARS IN BUSINESS

# Flashes

## From the National Office

### REAL LAYMAN LEADERSHIP

National Director A. P. Lovett, Credit Manager of Hettinger Brothers Manufacturing Company, Kansas City, Missouri, is doing a splendid work in the dissemination of credit education throughout Kansas and adjoining states.

Director Lovett is giving unstintingly of his time in bringing to the doctors and dentists of that territory a more complete understanding of the basic principles back of intelligent credit extension.

From his close contact, he has come to realize the need for closer control of credit extension on the part of those engaged in these two professions, and through the work which he has done in the development of the services of the Merchants Association Credit Bureau of Kansas City, Missouri, he has come to realize that interlocking credit control is the only insurance vouchsafed to the business and professional men of this country, insofar as the protection of their accounts receivable is concerned.

Recently Director Lovett addressed the Bosworth Club of St. Joseph, Missouri, and brought home to those in attendance at that meeting, as he does at all other meetings which he addresses, the need for securing complete and reliable credit data on each client.

If the work which Mr. Lovett is doing in his immediate territory might be duplicated in each state in the Union, it would be but a comparatively short time until the physicians and dentists would be brought to a realization that they have need for, and must use, efficient Credit Bureau service.

Director Lovett is entitled to, and should have, full recognition for the splendid and much needed work he is doing.

### BOWERS PROMOTED



Percy R. Bowers, who for years has been Credit Manager of the Aeolian Company, New York, has been made personal assistant to the General Manager of the retail business of this great music house.

Bowers, who is 35 years of age, was born in the Bronx, and began his business career as messenger and office boy for the Aeolian Company in 1908. He has worked in practically every department of the business.

He has always been active in the Associated Retail Credit Men of New York, serving as a Director, and lectured on Installment Credits at the University of New York.

He is married and has one daughter. He resides at Baldwin, Long Island, and is a member of the Masonic Lodge in that community.

William Lakeman succeeded Mr. Bowers as Credit Manager.

Mr. Bowers' training as Credit Manager will no doubt be of great value to him in his executive position.

### FLORIDA LEGISLATIVE PROGRAM

The Florida Retail Credit Association is taking an active interest this year in legislative matters in that state. At the Convention, held in Orlando the last week of March, it was decided to introduce bills covering the proving of ledger accounts, a bad check law and a law pertaining to the garnishment of married men's wages up to 20 per cent of their income.

They also endorsed a new mechanics' lien law, which is to be introduced in the legislature by the builders' group of that state. Several other matters pertaining to remedial legislation are being worked on and these have been made a tentative part of the program of the Florida Association. They have decided to give their support to the legislative program of such Associations as have in mind the introduction of bills which will be beneficial to merchandising in that state.

These facts were announced by Mr. G. W. Rand of Miami, Florida, who was elected President of the Florida Association for the coming year.

They also contemplate issuing a monthly bulletin, the purpose of which will be to contain interesting and educational matters on credit and collection subjects.

### A TYPOGRAPHICAL ERROR

In the April issue of the CREDIT WORLD, there appeared a very interesting article entitled "The Modern Method of Shopping," by Leonard Berry, Credit Manager of B. Forman Company, Rochester, New York.

The firm name was set as B. Gorman Company, and we apologize to Mr. Berry and his very aggressive and up-to-date firm, B. Forman & Company.

## OMAHA WANTS 1930 CONVENTION

A large delegation of Omaha Credit Managers headed by Allen T. Hupp, will attend the Nashville Convention of the National Retail Credit Association, with the intention of securing the 1930 meeting for Omaha.

There are rumors, however, that Denver, St. Louis, Mackinac Island, Michigan, and West Baden, Indiana, will make things interesting.

## DOCTOR JULIUS KLEIN NOW ASSISTANT SECRETARY OF COMMERCE

Doctor Julius Klein, who as Chief of the United States Department of Foreign and Domestic Commerce, took such vital interest in the Retail Credit Survey, has been appointed Assistant Secretary of Commerce. Dr. Klein's ability and training will make him a very valuable man to Mr. Hoover's administration.

## ROCK AT OAKLAND CONVENTION

Mr. Frank D. Rock, Credit Manager of Armour & Company, Denver, and President of the National Association of Credit Men (Wholesale Association), attended the banquet of the Retail Credit Association of Oakland, held in connection with the California State Conference of Retail Credit Managers, April 19 and 20. This was the first opportunity Manager - Treasurer Woodlock had to officially greet Mr. Rock, but to judge by the cordial smiles and handshakes, one would think they were old friends.

## WOODLOCK AND MARTIN ESCAPE SERIOUS INJURY

Manager-Treasurer Woodlock and California State Chairman R. S. Martin of San Francisco narrowly escaped serious injury or death when an automobile in which they were riding left the highway while going forty-five miles an hour and turned over near Gault, California. They were speeding to make a noonday meeting of Credit Managers at Sacramento.

## JUNIOR DIVISION OF THE ASSOCIATED RETAIL CREDIT MEN OF DETROIT

The senior credit men of Detroit are doing a big thing, one of the biggest things that they could do to help the younger men less experienced in their profession, not only to bigger and better jobs, but to a keener understanding of the needs of the Association.

Dinner meetings of the Detroit Association are held each month and presided over by the officers and Board of Directors of this Association. In most instances it is the directors who hold the floor and who more or less control the discussions preceding and following the business of the evening. In order to change this situation, twice this past year, the Board of Directors have turned over the entire meeting to a group of young men who planned the program and conducted the meeting. It was these young men who delivered the speeches of the evening and who led the discussion. Two different groups of young men numbering about twenty conducted the meeting before a hundred or more of their fellow workers and senior executives.

Needless to say the Senior Credit Men looked upon the first meeting with some suspicion and a little hesitancy. It was a pleasure indeed to watch these directors, however, as the meeting progressed. They soon realized that these young men were at the threshold of their careers. They appreciated their ambitions and in a way, the directors realized that they were giving an opportunity that they had never received. They were so gratified with the result and so inspired with the viewpoint of these young men that it was at the instigation of the *Board of Directors themselves* that a second meeting was held entirely under the supervision of junior men, and all of the board were there to listen to their stories and prepared to get some real advice

*Turn to page 30, please*

## Your Collections

...in...

## Detroit

Will receive the best attention possible if sent to

## The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable  
Safety Assured

Address:  
**MERCHANTS BLDG.**  
206 E. Grand River Avenue

## Chicago Collections

Should be sent to the

## Credit Service Corporation

Collection Department of  
the Chicago Credit Bureau,  
Inc., and Credit Reference  
Exchange, Inc.

The Official Credit Reporting  
Service of the

**Associated Retail Credit  
Men of Chicago**

35 So. Dearborn St.  
Chicago, Ill.

Telephone, Randolph 2400

Credit Reports Collections

## Flashes

(Continued from page 29)

from the people who worked under their direction.

What a splendid spirit of co-operation this displayed! What splendid team work! The young men of Detroit owe a great deal to their big brothers who are doing so much to develop them along the lines that will build bigger and better credit men.

### NATIONAL AIRWAYS CORPORATION HELPS SANDERS KEEP ENGAGEMENTS

Due to the condition of the roads, it was impossible for National Service Supervisor A. B. Sanders to get to Creston, Iowa, as quickly as the Creston merchants desired. Therefore, they interviewed Mr. Tannus, general manager of the National Airways Corporation of Peoria, Illinois, who was in Creston establishing an airport, and suggested he send one of his passenger planes to Des Moines to pick him up and bring him to Creston.

This Mr. Tannus did, sending his crack pilot, R. E. Windette, of 1558 North Main St., Decatur, Illinois, who was in Creston at the time, to the city of Des Moines to get Sanders. Mr. Tannus refused to allow the merchants or Sanders to even pay for the gasoline for the trip. He further offered, and his offer was accepted, to fly Sanders to Shenandoah the following day, and again he refused to accept even payment for the gasoline, regardless of the fact that the field was so muddy in Shenandoah that it necessitated his pilot remaining there for three days so that the field could dry up before taking off.

### WANTED—POSITION

By Credit and Collection Manager with fifteen years experience. Can furnish best of reference. Am available at present. Answer c/o Box G, Credit World, St. Louis, Mo.

## Washington Bulletin

(Continued from page 27)

therefore have a protected position. In substantiating this opinion as to the stability of the independent merchant, Mr. Simmons points out that of the approximately \$41,000,000,000 annual trade of the United States during 1928, 67.5 per cent went to independent retail merchants, according to a reliable estimate. A very low percentage of commercial failures are attributable to "competition," according to bankrupts, the figures ranging from 2 to 3 per cent, whereas approximately 75 per cent of all business mortalities is attributed to "incompetence, inexperience, and lack of capital." Unscientific buying is a prevalent source of waste among merchants. Others are the lack of knowledge on such matters as what it costs to extend credit; to offer delivery; to carry little demanded brands, etc. The case of a retail grocer is cited for example. He was found to be carrying 1,745 items in stock, whereas a chain store in the same city, and doing five times as much business, carried only about one-fifth as many.

### DEPARTMENT OF AGRICULTURE

As an aid to those merchants engaged in the retail meat business, the Bureau of Agricultural Economics has compiled a set of recommendations calculated to be of assistance in improving their business along modern lines. These recommendations are contained in a publication entitled "Better Meat Retailing," and may be obtained free upon request to the Bureau at Washington.

### RECENT COURT DECISIONS

The Supreme Court of the United States, in refusing a writ of certiorari in the case of *The Former Corporation vs. The United States*, declined to consider a decision of the Court of Claims which held that the payment of lost money orders can only be secured by proof of loss which is satisfactory to the Post-

master General. Under federal statutes, the latter court held, the Postmaster General, upon evidence satisfactory to him, and under such special regulations as he shall prescribe, may cause the issuance and payment of warrants for lost money orders to be made, but that under these statutes he was the sole tribunal to decide whether a money order should issue. It thus behooves any person or firm receiving money orders in any great amount to take every precaution against their possible loss. The plaintiff in the above case was a mail order house and claimed that on December 11, 1919, it received 4,326 money orders, aggregating \$29,396.37, in payment of goods. These it listed on deposit slips for banking purposes, putting them through an endorsing machine, and stamped them with an endorsement to its bank. The orders and deposit slips were given to its messenger, who, on his way to the bank, was robbed of all the money orders as well as checks and cash which he was taking to the bank. However, as stated above, the Postmaster General refused to issue warrants for the value of the lost money orders.

In the case of *Riehle, Receiver, vs. Margolies*, the Supreme Court ruled that the appointment of a receiver by a Federal court on a creditor's bill gives it no right to stay a suit then pending in a state court against the company placed in receivership, and further that a judgment in personam recovered in such a suit against the debtor after the appointment of the receiver establishes conclusively the existence and amount of the claim for the purpose of proof in the Federal court receivership, and that the receiver may not require that the claim be tried de novo.

## Applied Cooperation Necessary

(Continued from page 6)

In the collection of accounts there are many factors to consider. Some may have good positions, lots of money in the bank, and own their own homes, but unless their promise to pay is good, that is, unless there is a desire to pay, you will have difficulty in collecting. Others may be willing to pay, but unless their incomes or resources are sufficient, you cannot collect, regardless of how hard you press them. The collection department must function on a psychological basis as it is in contact with all types of debtors. These may be classified somewhat as follows: Those who do not pay when due and let their accounts drag; those who buy beyond their means and pyramid their accounts, resulting in: loss of their cash trade; slow turnover of accounts receivable; higher prices to good customers; higher collection costs and less profit. There is still another kind to deal with, those who never intend to pay. This last classification (of which there are comparatively few) while a constant source of annoyance, is not entitled to any consideration, except in the sense of proper education as to the rights of their creditors.

When debtors do not respond to your collection letters, it is evident that some more strenuous action must be taken. Therefore, investigate collection agencies, shun those charging a docket fee, then "Buy at Home." No longer is it necessary for you to make a prolonged personal study of your collection problems—simplify matters by sending your past due accounts to your credit bureau, which is constantly in touch with the local situation, and considers at all times the good will of your customers. By doing this you are not only adding to its revenue, but to your own income and profits. More important than this is the fact the information on file is being supplemented with data that would in no other way be available. Another thing to bear in mind is: your credit bureau's collection department does not have a trick contract; when they collect, you get your money, and after collection has been made, the delinquent debtor has peace of mind; he is a better workman; is paying you cash for his requirements; has regained his self-respect and is a better citizen.

Many articles have been written, and much has been said about the activities of credit bureaus in large cities, the problems of bureaus in small cities, etc. After coming in contact with bureaus and collection agencies of all classes, in both large and small cities, I have come to the conclusion, all bureaus have the same commodity to sell (service) and just so long as any bureau, regardless of size, looks beyond the pecuniary consideration and continues to sell real service, there will be no problems, and there will be found the applied co-operation that is necessary to maintain the stability of credit extension.

There has been developed what is known as "clock consciousness," as evidenced by the fact people regularly compare their timepieces with a jeweler's chronometer. Watches are set with a standard because the correct time is desired. In summing up, let me state as speaking for all legitimate bureaus and agencies, there is a desire to establish and maintain as a standard the four "C,s" of credit bureau management: A Constructive Community Credit Consciousness.

## Why a "Physicians' Credit Bureau"

(Continued from page 8)

and in many instances, the aggregate of this "docket fee" for accepted claims puts the physician in debt to the agency instead of having money come to him. There are many reliable firms of attorneys and collectors, as well as Bureaus, who do not require money in advance before they have earned it and there is no reason on earth why one should pay a collection agency from \$100.00 up in advance merely for the privilege of listing their accounts with that agency and before it has earned a cent.

We have no quarrel with the physicians as a class. Our Bureau welcomes them as members, providing that they are coming in on the same basis as a merchant. Inasmuch as someone in writing the article referred to has expressed himself freely, I trust that our view of the situation will be received in the good spirit in which it is given.

We enjoy the membership of a good many professional men who have come to believe that their business should be conducted as a business and who, we are sure, if they should happen to read this article, if it be published, will agree with us.

## Lack of Frankness in Credits and Collections

(Continued from page 18)

If a customer asks us to send our collector, he is requested to send his money to the office, thereby establishing the fact that the burden of paying that bill rests entirely upon his shoulders.

Going back over thirty-five years in the coal business our losses in bad debts have been a trifle less than one-twentieth of one per cent; that is to say, on \$100,000 worth of business, a loss of \$50.00. I am sure any retail coal merchant will agree that this is a satisfactory result when we do from fifty to seventy per cent credit business.

May I suggest that other coal companies send in their experiences? We cannot look into this subject of credits and collections too closely. A comparison of experiences will help all.

## BENDER RESIGNS

Clark O. Bender concluded on May 1st sixteen years of continuous service with the Uhler-Phillips Company of Marion, Ohio.

Mr. Bender started as a collector for the Uhler-Phillips Company in 1913. He later became bookkeeper and manager of the office and has had charge of the credits and accounts for the company for the past ten years. He has also been assistant to the proprietors for the past seven years in the capacity of an executive in personnel work.

Mr. Bender has for many years been an active member of the National Retail Credit Association. He severed his relations with the Uhler-Phillips Company in order to locate nearer his parents, Rev. and Mrs. G. R. Bender, of Portland, Oregon, and his brother and sister, who reside at Seattle, Washington.

He has had several attractive offers for positions in the same line of work on the West Coast, but has not as yet made up his mind which he will accept.

## POSITION WANTED

Open for position as Credit Manager-Accountant, handling correspondence, Income Tax Returns. Now employed. Prefer southern location. Address Box X-Y, The Credit World.

A Last Word  
from Nashville

(Continued from page 13)

R. Harris, chairman; Reception committee, for tea at The Hermitage, Mrs. R. L. Wilkinson, chairman; General Reception committee, Mrs. V. M. Grible, chairman; Decoration committee, Miss Effie Baldwin, chairman. Each committee has sufficient members to see that every detail is worked out and there will be nothing lacking from any standpoint.

General Chairman John R. Harris, Assistant General Chairman R. H. Poindexter, E. C. Harlan, secretary-manager, and the various committee chairmen have all been working hard on other matters in connection with the convention and promise that Nashville will do her best in all respects to make this the most enjoyable convention the association has ever known.

Attention of all credit men and women is called to the four-page supplement to this issue of the CREDIT WORLD, with a request that it be given careful consideration. It announces many delightful side trips and other matters not contained herein.

STATEMENT OF THE OWNERSHIP,  
MANAGEMENT, CIRCULATION,  
ETC., REQUIRED BY THE ACT OF  
CONGRESS OF AUGUST 24, 1912.

Of Credit World, published monthly, at St. Louis, Mo., for April 1, 1929.

State of Missouri, }  
City of St. Louis } ss.

Before me, a Notary Public in and for the State and City aforesaid, personally appeared David J. Woodlock, who, having been duly sworn according to law, deposes and says that he is the Editor and Business Manager of the Credit World, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are:  
Publisher, National Retail Credit Assn., Equitable Bldg., St. Louis, Mo.  
Editor, David J. Woodlock, Equitable Bldg., St. Louis, Mo.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The National Retail Credit Assn. No stock. Official organ of Association.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner, and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

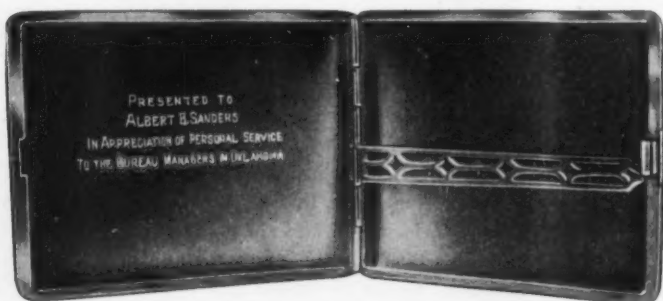
DAVID J. WOODLOCK.

Sworn to and subscribed before me this 22nd day of March, 1929.

(Seal)

E. S. TUNICA.

(My commission expires May 1, 1932.)



Above is a reproduction of the attractive cigarette case given to Mr. A. B. Sanders by his many friends in the state of Oklahoma who felt the desire to demonstrate their appreciation for his meritorious work in that state. It is a source of great pride to him and he displays it continuously. More cigarettes have been purchased by him since the arrival of this case than ever before.

